Austria . . . Sch 15	Indonesia . . Rp 2500	Portugal . . Esc 65
Bahrain . . Din 0.650	Italy . . . . . L 1100	S. Arabia . . Rls 6.00
Belgium . . . BFr 35	Japan Y550	Singapore . S$ 4.10
Canada . . . C$2.50	Jordan . . . Fils 500	Spain . . . . . Pta 95
Cyprus . . Mils 600	Kuwait . . . Fils 500	Sri Lanka . . . Rup 30
Denmark . . Dkr 7.00	Lebanon . . £L 6.00	Sweden . . Skr 8.50
Egypt . . . . E£1.00	Luxembourg . LFr 35	Switzerland . SwFr 2
Finland . . Fmk 5.50	Malaysia . . Rm 4.25	Taiwan . . . NT $85
France . . FFr. 5.60	Mexico . . Pes. 300	Tunisia . . Din 0.600
Germany . DM 2.00	Morocco . . Dh 6.00	Turkey . . . . L 100
Greece . . . . . Dr 00	Netherlands . Fl 2.25	U.A.E. . . . Dh 6.50
Hong Kong . HK$ 12	Norway . . Nkr 6.00	U.S.A. $1.50
India . . . . Rup. 15	Philippines . Pes. 20	

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Wednesday October 12 1983

Lurking threat to the U.S. recovery, Page 14

NEWS SUMMARY

GENERAL

No snap election, Nakasone insists

Japanese Premier Yasuhiro Nakasone yesterday insisted that he would not call a snap general election, whatever today's verdict on former Premier Kakuei Tanaka in the Lockheed payments trial.

Mr Tanaka is charged with accepting bribes while in office to promote the sale of Lockheed airliners to All Nippon Airways.

Mr Nakasone advised the nation to "wait calmly," but many demonstrations are being planned, and press and broadcasting are covering the matter closely. Page 16

Burma arrest

Burmese police caught a "Korean terrorist" – it did not say whether from North or South Korea – and killed another, after Sunday's bomb explosion that killed 19 South Korean Ministers and officials in Rangoon. A milliou mourners are expected at their state funeral. Page 4

Departure row

France asked Libya's diplomatic representative in Paris to explain why Libya was refusing to let 37 French citizens leave Tripoli for Paris. Libya has given no official reason. Page 3

2m face purge

At least 2m Chinese are likely to lose Communist Party membership in a reform campaign aimed at weeding out Gang of Four supporters. Page 4

Zia plans talks

Pakistan's President Zia ul-Haq will consult at least four political parties in the next few days on ways of ending martial law. Page 16

EEC delays

A key meeting seeking to save the EEC from crisis failed to respond to new problems in funding the Common Agricultural Policy; no action will be taken until the European Commission meets on Friday. Page 3

New launch date

The twice delayed launch of an international communications satellite on the Ariane rocket was set for next Tuesday.

Dissident's trial

Jewish dissident Iosif Begun goes on trial for anti-Soviet agitation and propaganda in Vladimir, Soviet Union, tomorrow, friends said.

Cosmonauts hurt

Three Soviet cosmonauts, one a woman, were injured when their launch rocket exploded while taking off for the Salyut-7 space station last month, Soviet sources said.

Zambia in mourning

Zambia began three days of national mourning for 1950s nationalist leader Harry Nkumbula, who died on Saturday.

Education battle

Spain's socialist Government opened a debate on an education bill, which, like last week's abortion law, has provoked fierce opposition from the Roman Catholic establishment. Page 2

Greece accuses U.S.

Greece accused the U.S. of letting its military jets violate Greek air space and endanger civil air traffic by radar-jamming during Nato manoeuvres. Page 2

Odessa pollution

Accidental discharges from a U.S.-built chemicals plant near Odessa caused a big pollution disaster, cutting off city water for days, Moscow said.

BUSINESS

London exchange votes for reform

● LONDON Stock Exchange member voted heavily for the biggest structural reform in the market's history, allowing outsiders into their government. The way is now clear for the exchange to be exempt from restrictive practices laws, after agreement with the Government last June. Page 10

● STERLING M3 fell by 0.5 per cent in September. The new figures suggest it is back under control, but the pace of public spending may still cause worry. Page 10

● DOLLAR rose in London to SwFr 2.1045 (SwFr 2.103) but was otherwise easier at DM 2.588 (DM 2.5885), Y232.25 (Y232.85) and FFr 7.91 (FFr 7.926). Its Bank of England index was 125.7, up 0.1. In New York it closed at DM 2.5982; FFr 7.9475; SwFr 2.1137 and Y233.22. Page 35

● STERLING lost 40 points to $1.5065 in London and was weaker at DM 3.9 (DM 3.9125), SwFr 3.1725 (SwFr 3.18), FFr 11.915 (FFr 11.97) and Y350 (Y352). Its trade weighting was 83.7 (83.9). In New York it closed at $1.5140. Page 35

● GOLD fell $1.5 to $398.625 in London. In Frankfurt it fell $1.5 to $396.75 and in Zurich it was $2 down at $398.5. In New York the Comex October settlement was $398.2. Page 34

● LONDON: FT Industrial ordinary index lost 2.9 at 698.2 in very thin trade. Index-linked stocks did best among gilts, gaining up to ½. Report, FT Share Information Service, Pages 29–31.

● WALL STREET: Dow Jones index closed down 19.51 at 1,265.14. Report, Page 25; Full share prices, Pages 26–28

● TOKYO: Nikkei Dow index fell 69.39 to 9,493.09. Stock Exchange index was off 3.32 at 696.28. Report, Page 25; Leading prices, other exchanges, Page 28

● INDIA called for new negotiations with CIT-Alcatel, saying the French company's price for setting up telephone equipment plants in India was too high. Page 7

● BANK OF GHANA scrapped a system of bonuses and surcharges on foreign exchange transactions, making official April's de facto devaluation from 2.75 to 30 cedis to the dollar. Black market rates of 100 have been reported.

● HERMINIO OMETTO group of Brazil, which claims to be the world's biggest private producer of sugar and alcohol fuel, filed for protection against bankruptcy on behalf of six of its 10 companies. Page 16

● APPLE COMPUTER of the U.S. plans to sell computers worth $100m in Japan in 1986 as a result of a tie-up with Canon Sales. Page 7

● COMPAGNIE Générale d'Electricité, diversified French state electronics group, reported first-half gross earnings of FFr 205.8m ($26m), up from FFr 186.2m. Group sales rose 12 per cent. Page 17

● TEXAS Commerce Bancshares, second biggest Texas bank group, saw third-quarter net income 3 per cent higher at $44.4m. Its rivals have reported downturns. Page 17

● PIRELLI international cables and tyres group warned that 1983 would be even worse for its cables division than last year; it may make a loss. Page 17

● GENERAL ELECTRIC of the U.S. increased third quarter net profits to $499m ($451m) or $1.10 a share (99 cents) on revenue up from $6.39bn to $6.55bn.

● EXCO International, money broker and financial services group, held exploratory talks with four London stockbroking firms with a view to taking a 29.9 per cent stake in one of them.

Shamir economic measures will fuel inflation rate

BY DAVID LENNON IN TEL AVIV

Israel faces a sharp and immediate increase in the inflation rate – expected to reach about 160 per cent this year – after the devaluation of the shekel by 23 per cent and a cut in government subsidies on basic commodities by 50 per cent.

These measures, adopted at an all-night Cabinet meeting, are the first steps to be taken by the new Government led by Mr Yitzhak Shamir, on what it hopes will be the road to economic recovery.

Mr Yoram Aridor, the Finance Minister, said these measures were aimed at eventually breaking the inflationary cycle.

He hopes this can be achieved by reducing the percentage of the compensation automatically paid to employees through the linkage of their income to the rise in the cost of living index.

The swift and bold action taken by the new Government was given a cautious welcome in business and industrial circles as "a step in the right direction."

But the trade unions threatened to paralyse the economy if the Government tampered with the automatic cost-of-living increment paid every three months to compensate workers for price rises. If this link cannot be broken, then yesterday's measures may prove futile.

There was also criticism from within the Treasury, which had asked the Government to implement more severe measures. Officials warned that there would have to be further devaluations and budget cuts if the aim of restoring economic growth was to be achieved.

The public reaction was mixed. Israelis have known for some time that the country was living beyond its means and the harsh economic measures came as no surprise.

Yesterday there was the ritual storming of the supermarket shelves to snap up foodstuffs at the old prices. But most shoppers regarded their action as a prudent move, rather than a sign of panic.

"Well, I suppose you could call it panic buying," one shopper in Tel Aviv said as he piled his trolley ever higher. "But the truth is that those who were accused of panicking last week when they sold bank shares and bought dollars have been proved to have been right. So I guess you can say that I am indulging in controlled panic buying."

The fate of the government's rescue plan for the beleaguered bank shares has yet to be decided. Although agreement was reached betweeo the Treasury and the commercial banks, the final decision rests with the Knesset finance committee which must approve the new arrangement.

The decision to make the Government the underwriter of bank shares has been meeting considerable opposition in both public and parliament from those who oppose the taxpayer being penalised for the failure of a speculative investment.

Under the terms of the agreement shareholders will be allowed to turn their shares into dollar-linked bonds.

The Government will redeem these after five years, at 85 per cent of their dollar value as of last Thursday when trading was suspended, with an additional 3 per cent interest being paid annually.

All investors with holdings of less than Shl 500,000 will receive the full

Continued on Page 16

Editorial comment, Page 14

French industry 'to be given prices freedom'

BY DAVID HOUSEGO IN PARIS

FRENCH INDUSTRY needs to be given freedom to determine its own industrial prices, which are at present subject to state regulation, M Laurent Fabius, the French Minister of Industry, said yesterday.

He was opening the first parliamentary debate to be held on industrial policy since the socialists came to power. M Fabius confirmed the recent shift towards a more market-oriented approach by the Government, and systematically distanced himself from positions adopted by the left wing of the Socialist Party and the socialists' communist allies. Communist deputies refrained from applauding him when he sat down.

He ruled out protectionism and said that France had no intention of moving in that direction. He said that an export effort must be backed by judicious investments abroad.

Describing the overall performance of French industry as at the moment "mediocre", he said that this in the short term prevented the strong economic growth sought by the left. "In the absence of a sufficiently strong nationwide industry," he told the French parliament, "any vigorous expansion of the French economy would first of all increase imports".

Seeking to calm the worries of the private sector, he put much emphasis on liberalising industrial prices and said that this was not incompatible with bringing down inflation. His statement seemed to rule out the present tightening of price controls in the service sector being extended to industry. Several industries, including the car industry, are currently pressing to raise their prices in order to rebuild their profit margins.

He equally sought to please the private sector by emphasising the oeed to bring down "insupportably" high social security charges. He linked this to simplifying and ultimately reducing government aids to industry.

M Fabius came as close as any Minister has yet come to declaring that there would have to be fresh restructuring and redundancies in the lossmaking steel and coal sectors. He said the steel industry must concentrate around its most efficient units. But he ruled out any merger between the two state groups, Sacilor and Usinor. He said, however, that they must co-ordinate more, particularly in research and marketing.

With reference largely to Peugeot's present financial difficulties, M Fabius said that it was essential that "useful investments are not sacrificed to cover immediate losses."

Though M Fabius put much emphasis oo developing high-technology electronic industries of the future, he avoided much of the interventionist language of his predecessor, M Jean-Pierre Chevènement.

He warned against falling into the trap of believing that the state could take the place of industrial enterprises. He said that it was an illusion to believe that a "sector-oriented" approach – such as the socialists initally adopted – could alone solve industry's problems. He also said it was an illusion to believe that industrial transformation could take place rapidly, adding that many of the changes now in the pipeline would take 3 to 10 years to mature.

French industry opens its doors, Page 16

Du Pont likely to sell Conoco assets in management buy-out

BY CARLA RAPOPORT IN LONDON

DU PONT, the largest U.S. chemical company, is shortly expected to announce a major sale of chemical assets acquired through its $7.6bn takeover of Conoco in 1981.

The company stated officially yesterday that no decision has yet been made to sell the Conoco chemical assets. European-based officials of Du Pont, however, say that an announcement of the sale is expected within the next few weeks.

The assets, which include Conoco's ethylene polyvinyl chloride and vinyl chloride monomer businesses in Texas, Mississippi and Oklahoma, are expected to be bought by a consortium led by management of Conoco's refining and marketing division.

The deal believed to be worth more than $500m is also expected to include foreign assets of Conoco's chemical operations including holdings in West Germany, Spain and the Netherlands. Conoco'e polyethylene plants in Texas are not likely to be part of the deal as these have been integrated into Du Pont's own operations.

Conoco's chemical operations had sales of $902m in 1980 and assets valued at more than $760m. Last year, Du Pont and Conoco's combined polymer products division reported a 40 per cent decline in earnings to $78m on sales of $3.1bn.

Du Pont announced last year that it planned to sell some $2bn worth of assets in the wake of the Conoco acquisition. The company borrowed close to $4bn to finance the purchase. In September 1982, the group sold a sizeable portion of Conoco'e oil and gas interests to Petro Lewis for $772m.

The chemical businesses to be sold back to Conoco's management are all commodity chemical businesses, which have been hard hit by shrinking demand and over capacity worldwide. Du Pont has repeatedly stressed that it aims to increase its sales in its speciality, higher value-added chemical businesses

Lloyd's tightens terms for Gulf risk

By Richard Johns in London

LONDON underwriters moved yesterday to tighten terms for insuring vessels destined for Iranian ports as Tehran threatened again to cut off all oil exports from the Gulf.

Referring to the prospect of Iraq's deploying newly supplied French Super Etendard aircraft against Iranian oil installations, Hajatoleslam Akbar Hashemi Rafsanjani, President of the Iranian Parliament, said that if his country's oil shipments were prevented in any way, "then no country in the world will be able to use this vital route."

He described the delivery of the aircraft, which are understood to have arrived in Iraq on Sunday and will be equipped with Exocet missiles, as "an act of international blackmail."

Yesterday Lloyd's restricted its action to extending the existing seven-day limit where Gulf voyages to the main Iranian oil terminal of Kharg Island (otherwise known as Bandar Khomeini) are concerned.

It said a similar limit would apply to voyages within the Gulf to Sirri Island, Lavan Island and Bandar Abbas. Previously, the maximum period for these destinations has been 14 days.

It is understood that no increase was proposed in the minimum recommended rate of war risk insurance premium for vessels going to Kharg Island. This now stands at 5 per cent, although in practice it has recently gone as high as 12 per cent.

Insurers are continuing to offer war risk only 48 hours before arrival at the Straits of Hormuz.

One leading underwriter said: "We are keeping a close watch on the Gulf and will adjust rates and terms, according to the situation."

At the same time, underwriters, brokers and insurance companies said that there was no panic but rather a heightened state of alert following reports that the aircraft had been delivered.

Despite the increased tension there has been no rise in hull rates, nor any rush to send tankers to the Gulf to lift crude as soon as possible.

Yesterday, there were said to be only two inquiries in the market for very large crude carriers of 250,000 dwt – from British Petroleum and Petrofina – apart from the Japanese, the main customers for Gulf oil.

Paris takes a gamble, Page 2

BCal places order for new Airbus

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

AIRBUS INDUSTRIE, the European aircraft consortium based in France, has won its first order for its planned A-320 with an airline outside France.

British Caledonian (BCal), the independent UK airline, is to buy a fleet of seven A-320s, with an option on another three.

The order for the seven 150-seater twin-engined airliners, worth £150m ($226m), is also the first from an independent airline. BCal wants delivery of three aircraft in 1988 and four in 1989.

The order announced yesterday by Sir Adam Thomson, BCal's chairman, brings orders and options for the A-320 to 80 – Air France intends to take 25, with 25 on option, and Air Inter, the French domestic airline, is buying 10, with 10 oo option.

Sir Adam said the A-320 won only after "a very close race to the finish" against the smaller Boeing 737-300 and the McDonnell Douglas MD-90.

The A-320 has not yet been formally launched, although much developmeot work oo it has been done.

The BCal decision injects a oew element into the long-running debate on whether the UK Government should support the manufacture of the A-320 financially.

British Aerospace, which already has a 20 per cent stake in Airbus Industrie and expects to win up to about 25 per cent of the work on the A-320, building the wings, has submitted proposals to Britain's Trade and Industry Department for £300m to £400m in launching aid for the work.

The French, West German and Spanish governments are also being asked by their respective aerospace industries to finance the venture, the overall cost of which is put at about £1.5bn, but none has made a formal decision.

The engine for the A-320 is the French-U.S. (Snecma-General Electric) CMF-56-4, already under development with French Government cash support.

Rolls-Royce, however, is setting up an international group, in conjunction with Pratt & Whitney of the U.S., and the Italian, West German and Japanese aero-engine industries, to build a new engine, the IAE-2500, which will also be offered for the A-320 and other aircraft.

The UK Government is being asked for more than £300m in launching aid for Rolls-Royce's share of that venture. Decisions on the aircraft and the engine aid programmes are hoped for by the end of this year.

BCal's order may act as a catalyst to other orders being discussed with many other airlines. If those orders materialise, the A-320 appears to be firmly on course for a formal launching into production by around the end of this year, with 1988 as the delivery target date, provided the governments put up the necessary cash.

This will put Airbus Industrie's U.S. rivals, Boeing and McDonnell Douglas, in a dilemma – either to respond to the A-320 with directly competing designs or to leave the market to Airbus.

Boeing has been working on a "7 Dash 7" airliner directly competitive with the A-320, while McDonoell Douglas has a design for an MD-3300 of similar size.

Sir Aaam also said BCal would meet new noise regulations by late 1985 by "hush-kitting" its existing fleet of One-Eleven jets. This would enable the One-Elevens to be re-

Continued on Page 16

RECENT LARGE AIRLINER ORDERS

Airline	Aircraft type	Approx. cost ($m)
British Airways	14 B-737-200s, option 17	250
British Caledonian	7 A-320s, option 3	240
Japan Air Lines	9 B-767s, option 6	560
	2 B-747-300s	200
KLM (Netherlands)	1 B-747-300, plus retrofit of 10 B-747s to 300s	200
Northwest (U.S.)	5 B-747-300s	425
Qantas (Australia)	6 B-767s 3 B-747-300s	640
	plus RR RB-211 engines	60
Singapore Airlines	6 B-747-300s 4 B-757s	1,000
	6 A-310s	400
U.S. Air	15 B-737-300s	330
	3 B-737-200s	50

(A = Airbus, B = Boeing, RR = Rolls-Royce)

CONTENTS

Greeks accuse U.S. of airspace violations

By Andriana Ierodiaconou in Athens

GREECE HAS accused the U.S. of deliberately allowing American military jets to violate Greek airspace and endanger civil air traffic by radar jamming during Nato manoeuvres in the eastern Mediterranean.

A strong protest over the alleged violation was made yesterday to the U.S. embassy in Athens. American officials said the U.S. is "looking into" Greek allegations of 33 instances of airspace violation, 16 cases of transgression of air traffic control regulations, and two cases of radar jamming by U.S. planes taking part in Nato exercise "Display Determination 83."

Greece pulled out of the exercise two weeks ago. It accused Nato of favouring Turkey by cancelling manoeuvres on the Greek island of Limnos, the militarised status of which is disputed by Ankara.

Both the pull out and this week's protest are seen as an attempt by the Socialist Government of Mr Andreas Papandreou to counter-balanca the recent reaching of an agreement with Washington extending the operation of the U.S. bases in Greece. The bases agreement was brought to the Greek parliament for ratification this week.

Mr Papandreou, who came to power promising to close the U.S. bases down, is anxious to appease anti-American ideologues within his own Socialist ranks. He is also anxious to stay on good terms with the pro-Moscow Greek Communist opposition, which is a strong force in Greek trade unions.

Athens could have made much more of these alleged violations of its air space by including Turkey in its public condemnation this week. In spite of claiming evidence that Turkish jets also forayed into Greek national air space, Athens merely "drew the attention" of Ankara to the matter through its local embassy yesterday.

A Greek Government spokesman today denied that the protest has any serious long-term implications for Greek-U.S. relations. But the decision to withdraw from the Nato exercise marks a steady weakening of Greek participation in Nato's military wing.

Madrid again locks horns with church

By David White in Madrid

SPAIN'S SOCIALIST Government has again taken on the Roman Catholic establishment in a parliamentary battle over private education less than a week after the passing of a law relaxing the strict ban on abortion.

The Cortes debate on the Government's education Bill, which, like the abortion law, is claimed by the right-wing opposition to be unconstitutional, opened yesterday with the promise of a fierce confrontation.

The argument centres on relations between the state and church-run private schools which receive state funds. These schools, which form the main part of the private education system, are attended by about 22 per cent of Spanish schoolchildren.

Sr Oscar Alzaga, leader of the fledeling Christian Democrat PDP party, chose the debate for his first major appearance in the current parliament, leading the opposition attack. The Right challenges the Bill as threatening freedom of education and parental choice and seeks greater leeway in the private system's use of public funds.

The atmosphere has been somewhat eased, however, by the settling of a row between the Government and church education authorities over catechism textbooks issued to Catholic schools.

The Government has revoked its ban on the use of the catechisms, which contain a strong condemnation of abortion, under a compromise in which they will not be considered official text books. The church in turn turn has issued an addendum explaining that the listing of abortion alongside war and terrorism is not meant to imply equal degrees of moral gravity.

A hotly contested law lifting penalties on abortion in the cases of rape victims, deformed foetuses and danger to the mother's life was passed by the Socialist-dominated Parliament last Thursday. Implementation, however, will be delayed by the opposition's appeal to the Constitutional Court on the grounds that it goes against the "right to life" guaranteed in the constitution.

No Western state has more at stake in the Gulf war, writes **David Housego** in Paris

Paris takes calculated gamble on jets for Iraq

THE FRENCH Government is not normally at a loss to explain its foreign policy. But ever since Iraq ran into problems last year in making payments to France because of declining oil revenues end debt rescheduling talks began, there has been an embarrassed silence in Paris about relations with Iraq.

Embarrassment deepened this summer with the sale of Super-Etendard fighter bombers. The Government is well aware of the risks of Iranian reprisals that would limit the flow of oil through the Gulf, of the hostility to the sale of the U.S. and Britain in particular, and of the opposition of many senior French Socialists who dislike the regime of President Saddam Hussein.

There has thus been no official confirmation in Paris of the delivery of the aircraft. On the contrary, M Claude Cheysson, the Foreign Minister, deliberately sought to deepen the mystery when he said on Sunday night: "Perhaps they will be delivered, perhaps they will not be, perhaps they have already been delivered."

Behind the Government's calculated gamble lies the fact that France has more to lose than any other Western government from Iraq being humiliated in the Gulf war. On civilian contracts, Iraq owed France some FFr 9bn (£750m) this year. Most of this has now been rescheduled with French banks and Coface, the government export credit guarantee agency, bearing the risk.

In terms of military equipment, Iraq owed a further FFr 8bn. Most of this is being met out of sales of oil made available to France by other Gulf states for the benefit of Iraq.

But these temporary financing arrangements will have to be renewed again next year. In all, Iraq is believed to owe France some FFr 40bn-FFr 60bn, with Coface—and through it the French Treasury—having an exposure of FFr 35bn (£2.9bn).

The French analysis differs little from that of other Western governments in holding that the risk for Iraq is less of military defeat than of being squeezed to a standstill by a shortage of funds. Iran still has the foreign exchange earnings from exports of 1.6m barrels of oil a day. Iraqi exports have sunk to about 700,000 barrels a day. The imperative in French eyes is to restore the financial equilibrium between the two warring states.

The sale of the Super Etendards is intended as a step in this direction. According to officials in Paris, the French aircraft add significantly to Iraq's military capability because they can deliver Exocet missiles with precision against tankers in the open sea. So far, Iraqi attempts to hit tankers, bound for or leaving

SUPER ETENDARD: This French-built aircraft will add significantly to Iraq's military capability because it can fire Exocet missiles with precision at tankers on the open sea

Iranian ports, with Exocet missiles have failed. This is because they have been fired from Super-Frelons helicopters which cannot get near enough without being attacked by Iranian aircraft, and because e helicopter-delivered Exocet is less accurate.

The French hope the Iraqis will never need to use the Exocets against tankers or Kharg Island, the main Iranian oil terminal, and that the mere threat of them will have a catalyst effect on the conflict. They hope, for instance, that the risk of escalation will encourage Syria, as an ally of Iran, to re-open the pipeline from Iraq through Syria in exchange for Iraq's desisting from the use of the Super Etendards.

They hope that the threat will encourage the Gulf states to be more generous financially to Iraq in an effort to avoid e further escalation of a conflict whose destabilising effects on the region they already fear. They hope that it will be taken by Ayatollah Khomeini's regime as a sign that Iraq's allies will not allow the country to be brought to its knees and that negotiations are preferable to continuing the war.

So far, these diplomatic efforts have born little fruit, and it is the risks of delivering the Exocets — "playing with fire" according to one Western diplomat — that has most preoccupied other Western governments. President Francois Mitterrand, however, has largely discounted U.S. pressure because he believes that the Middle East is in danger of being divided between rival Russian and U.S. spheres of influence. On this view, France has a positive role to play in providing Middle East states, including Iraq, with an alternative to one of the two superpowers.

But if the pressure from other Western governments has weighed little with the French, two considerations have worried the Mitterrand administration. The first is the possibility of Iranian reprisals against French subjects or property. The second is that any cutback in world oil supplies would push up the price of crude and hence directly affect France which is dependent on imported oil for all its supplies.

These factors, and the hopes of achieving some diplomatic success at the recent opening of the the UN General Assembly prompted President Mitterrand a fortnight ago to delay delivery What still remains unclear is when the aircraft will be operational for use in the Gulf area.

In domestic terms, the decision to go ahead with the sale has met with much criticism. Press comment has concentrated on the risks of the deal. Former President Giscard d'Estaing has warned of the dangers of sparking off a new oil crisis. M Lionel Jospin, the secretary of the Socialist party, said he was personally against it. By contrast, M Jacques Chirac, mayor of Paris and head of the neo-Gaullist RPR, has surprisingly come to the Government's support in declaring that Iraq needed to defend its frontiers by every means.

As for Iran, France's once extensive ties with what was the principal power in the Gulf have dwindled significantly in the past two years. President Mitterrand's administration has long been a target of attack by Ayatollah Khomeini's regime because it provides shelter for so many of his opponents. With the delivery of the aircraft to Iraq, France has effectively closed the door to any reconciliation in the foreseeable future.

Plot and counter-plot in France's terror squads

BY DAVID MARSH IN PARIS

REVELATIONS of over-zealous anti-terrorist ectivities by para-military security officers attached to the Elysee Palace, have already embarrassed the Mitterrand Government which is trying to minimise political damage from the affair.

It is an ewkward case for a Socialist President elected with good intentions of avoiding embroilment with "parallel police" forces used by previous governments in lew and order operations.

But following a series of critical press articles ebout the alleged unorthodox activities of anti-terrorist experts under the command of the Elysee Palace, President Francois Mitterrand stands accused of presiding over shadowy police squads operating outside the law.

To counter the criticism, the Elysee's group of anti-terrorist police officers and intelligence experts—set up in the aftermath of the bloody attack on the Jewish Parisian restaurant Goldenberg's in August 1982—is to be reorganised and reduced in numbers.

In addition Captain Paul Barril, a mercurial figure who has played a leading role in controversial operations by the Government's crack squad of "super-gendarmes," the GIGN, faces disciplinary inquiry by the Defence Ministry.

Captain Barril, e photogenic 36-year-old who has been given flamboyant write-ups in the French press for his prowess et karate, parachuting, diving and crack-shooting, reached the zenith of his career when he helped the Saudi authorities liberate hostages from the Grand Mosque at Mecca in November 1979.

But now, he is cast as a scape-goat following the Press reports of recent dubious GIGN activities. M Max Gallo, the President's spokesman, last week denied any connection between the Elysee's security services and Captain Barril, who like all gendarmes is formally under the control of the Defence Ministry. But later M Gallo was forced to admit that "contacts" did exist between M Barril and the heed of President Mitterrand's anti-terrorist unit, Commander Christian Prouteau.

The most serious GIGN affeir was the arrest by an elite squad of super-gendarmes—under the command of Capital Barril—of three Irish nationals in the Paris suburb of Vincennes in August 1982. The Irish trio were immediately described as important international terrorists in a triumphant communique from the Elysee.

However, after evidence came to light of significant irregularities in their arrest—including the planting of weapons and explosives—the case quickly rebounded on M Mitterrand. Court charges against the Irishmen were formally dropped last week, and two gendarmes face charges of planting evidence.

Publication last week by the Paris satirical weekly *Le Canard Enchaîné* of correspondence between M Barril and a notorious alleged terrorist, M Jean-Marc Rouillan, brought fresh embarrassment to the Elysee.

On Elysee Palace notepaper, the captain is said to have written to the leader of the outlawed *Action Directe* group, wanted by the police for several months, claiming he was "empowered by the President to negotiate with you."

This was one of M Barril's "personal initiatives," M Gallo claimed last week. Another may have been the Captain's contacts with outlewed extremists in Corsica, including M Alain Orsoni, a member of the banned Corsican liberation movement, the FLNC. M Orsoni's brother Guy disappeared in June. The FLNC cleims he was murdered by French secret police—and took revenge last month by killing a top Corsican official.

The French press has dubbed M Barril more of a Tintin than a James Bond.

M Gaston Defferre, the Interior Minister, tried to calm the row at the weekend when he denied that there was any "war" between rival police forces. Following the weekend arrest of an alleged Armenian terrorist wanted for his part in the murderous bomb explosion at Orly airport in July, the Interior Ministry ostentatiously underlined the "perfect" co-ordination of all France's security services.

Adding credence to the theory of plots and counter-plots within France's security hierarchy, the latest press view on the unmasking of Captain Barril is that he has been kept under close surveillance for two months—by none other than France's official counter-espionage service, the DST.

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Martens says steel talks near conclusion

By Paul Cheeseright in Brussels

CRUCIAL DECISIONS for the future of the Belgian steel industry ere in the offing, Mr Wilfried Martens, the Prime Minister, said in a newspaper interview yesterday. These will have implications for employment levels and plant closures not only in Belgium, but in the Netherlands and Luxembourg.

The steel decisions involve the conclusion of talks with the Netherlands and Luxembourg on the prospects for future eo-operation between the respective national steelmakers — Cockerill Sambre, Hoogovens and Arbed.

Co-operation would Involve seeking to share production so that crude products from a plant In one country might be finished in another. Decisions along these lines would be infinential in deciding which plants wonld be kept open and which would be closed as part of the restructuring of the EEC steel industry.

The talks began last spring and until last month it appeared that the Netherlands was holding aloof. But the. Duteh had moved closer to the idea in recent weeks, Mr Martens said.

Government officials in Brussels expect the talks to finish by the end of the month. This will clear the way for a referendum of Cockerill Sambre employees on a restructuring plan involving a cut in the workforce of about a third.

Despite union opposition to the referendum, Mr Martens said the Government would go ahead with it, but, he conceded, only the principle had been decided, not the way the referendum would be conducted.

Total Belgian employment in the steel industry was between 40,450 and 41,000 during the first six months of this year, according to the latest EEC statistics. This compares with 63,600 in 1974.

The fall has been less marked in the Netherlands: from 23,800 in 1974 to 19,900 last June. In Luxembourg, over the same period the workforce was nearly halved to 12,000. Over the EEC as a whole it dropped from 785,920 to 493,300.

MYSTERY SURROUNDS DELAY IN PAYMENTS

CAP hitch fails to move ministers

BY JOHN WYLES IN ATHENS

A KEY ministerial meeting which is aeeking to save the EEC from financial and political crisis failed to respond yesterday to the European Commission's new difficulties in funding the Common Agricultural Policy (CAP).

Not one of the 30 Agriculture, Foreign and Finance Ministers present at the start of of the second day of a special EEC Council here asked the Commission about plans to delay the normal transfer to member states of edvance payments—thought to amount to Ecu 400m (£240m)—to finance e range of CAP operations. The deley is said to be prompted by fears thet there will not be enough money in the EEC budget to make tha payments before the end of the year.

There was considerable confusion yesterday which the Commission in Brussels was trying to dispel about the amount of money being withheld and why the payments were being delayed until January. Puzzlement extended right to the top of the Commission since it appeared that the decision was taken unilaterally by Mr Poul Dalsager, the Agriculture Commissioner, without consulting his colleagues.

Until now, tha Commission has believed that it could just get through the year providing the European Parliament passes by the end of this month a supplementary budget which will channel another ECu 1.7bn into the CAP. No more money is available this year because the limit on the EEC's budget revenue has been reached. And although the budget might bave been ECu 200m-300m short, the problem could be managed without difficulty.

THE EEC should concentrate on stimulating the growth and competitiveness of European industry instead of adopting policies geared to protecting jobs in sectors which have no growth prospects in an open eeonomy.

This plea came yesterday from Unice, the EEC employers federation, in an intervention timed to bring pressure on EEC ministers meeting in Athens to discuss the reform of finance and the development of future policies, writes Paul Cheeseright in Brussels.

The priority, according to Unice, is to increase flexibility in the system within which companies have to operate. This involves:

- The completion of a unified market, embracing not only simpler border formalities, bnt the development of European standards and the opening-up ef public contracts.
- The creation of a unified financial market to provide funds for new technology investment.
- Harmonisation of national and EEC corporate and competition law.
- Harmony of fiscal systems to simplify the tax burden.
- Concentrating EEC resources on industrial development.

There is no confirmation that the Commission's view has changed and it may be that Mr Dalsager, having attended the first day of the special council bere, was trying to inject some urgency into the negotietions on agricultural economies and budget financing.

Sir Geoffrey Howe, the British Foreign Secretary, said last night that be would be "less than human" not to welcome evidence of cash flow difficulties in the CAP. But the Council's main concern was to find long-term solutions and his overall impression after two days in Athens was that "negotiations are edging forward."

In a lengthy statement, he offered mnch the most positive view available bere yesterday of progress being made. It was too early to expect the Council to start negotiating on compromise proposals because it was still at the stage of examining and clarifying existing proposals and deciding what further work needs to be done, said Sir Geoffrey.

He implied that there was a steady drift of opinion towards several of the positions taken up by Britain. All member governments accepted the case for keeping the growth in farm spending below the annual increase in the Community's budget revennes. Indeed, one of the EEC's "founding fathers"—the Netherlands—had tabled a proposal similar to the UK's in favour of putting legally enforceable limits on the growth in farm spending.

Sir Geoffrey said a more constructive attitude was now emerging on how to put permanent limits on Britain's contributions to the budget. "Debate is now being seriously joined on proposals that would have been ruled out of court e year ago," he said.

Other delegations, bowever, bave discerned far less movement over the past two days and rather more repetition of well-known national positions. On the key bndget question, no other delegation has yet seriously rallied to the British proposal for a "safety net" limiting payments of all the more prosperious EEC member states.

Rather, the majority appeared to be regrouping around a proposal to combine existing Danish and Commission proposals for dealing with the British problem.

But Sir Geoffrey commented tartly last night that "it is difficult to believe that the right enswer will be found through a marriage of two proposals that are themselves inadeqnate."

Our Strasbourg Correspondent adds: Members of the European Parliament yesterday discussed supplementary spending plans in the wake of a grim warning from the Commission that CAP funds are near exhaustion.

The Commission is pressing for swift agreement on the supplementary budget and an additional payment of £180m for Britain's budget rebate for this year. Mr Christopher Tugendhat, the Budget Commissioner, told the Assembly yesterday that failure to approve the entire supplementary budget, together with Britain's repayment, could cause further problems for the CAP fund.

MEPs today face the choice of blocking Britain's budget rebate at the risk of further delaying payments to the CAP for the rest of the year.

Saudi arms buyers to visit West Germany

BY JAMES BUCHAN IN BONN

A SAUDI delegation will visit West Germany later this year to discuss weapons purchases in a first important step towards military co-operation between the two countries.

The announcement, made in a joint communiqué at the close of Chancellor Helmut Kohl's first visit to Jeddah yesterday, marks an "elegant" evasion of the delicate question of deliveries of the highly advanced Leopard 2 tank, according to a foreign ministry official.

Saudi interest in the Leopard 2, first aired in public in 1980, has been a long-running domestic issue in West Germany. But there is growing doubt that Herr Kohl would be any more able to convince his Conservative-Liberal coalition of the virtues of the sale than former Chancellor Helmut Schmidt and his Social-Democrat-Liberal government.

West Germany follows a restrictive policy over arms exports outside the Nato area and is traditionally highly sensitive to Israeli concerns. The Israelis have complained that the Leopard could be used against them.

However, King Fahd, at a first meeting with the Chancellor on Sunday, said that "friendship between our two countries does not depend on arms deliveries." Social Democrat former officials insist that this was his position as Crown Prince in April, 1981, wben Herr Schmidt explained his difficulties with an arms deal during a visit to Riyadh.

In Bonn yesterday, the visit was being tentatively hailed a success in that Herr Kohl had avoided saying a firm "no" to West Germany's most important trading partner outside the OECD and a significant source of credit between 1980-82. Government officials, however, do not exclude the question of the Leopard 2 surfacing again.

While the Saudi armed forces under Prince Sultan, the King's full brother, remain keen on the Leopard 2 itself, yesterday's vague announcement does mark considerable progress for the Sandis

New Soviet version of airliner disaster

By Anthony Robinson

A NEW element of confusion has crept into Soviet accounts of last month's South Koreen airliner disaster following a statement by an unnamed Soviet official that two of three rader installations on the Kamcbetka peninsular were not working. As a result, the jumbo jet's intrusion into Soviet airspace was not confirmed until it reached Sakhalin island.

The unnamed Soviet official, quoted by Asociated Press in Moscow, added that air defence command reacted in confusion and that Soviet commanders and pilots involved in shooting down the airliner did not know it was a civilian aircraft.

This latest Soviet account conflicts with the official explanation of the incident given on September 9 at a Moscow news confereoce by Marshal Nikolai Ogarkov, the Chief of Staff.

Marsbal Ogarkov said thet Soviet radar started tracking the jet before it reached Kamchetka and that four fighters were scrambled to intercept it. He added that the subsequent decision to sboot down the eirliner was made by local military autborites.

Walesa's peace prize dismissed

By Christopher Bobinski in Warsaw

LAST WEEK'S Nobel Peace Prize award to Mr Lech Walesa was yesterday dismissed by the Polish Government spokesman as "neither the first nor the last episode in the anti-Socialist crusade."

Speaking at his regular weekly Press conference, Mr Jerzy Urban said the award was a prize for "strengthening the divisions in Europe, a prize against peace and co-existance."

In contrast, the underground leader of Warsaw's Solidarity, Mr Zbignew Bujak, has said the prize was recognition "for the sustained and desperate struggle by peaceful means against totalitarianism carried out for years by the Polish people."

In his rather angry statement, Mr Urban said "a hundred honory doctorates and thousands of similar awards will not change the balance of power in Poland, or Government policies."

Norway expects to return Kielland oil rig to owners

BY FAY GJESTER IN OSLO

NORWAY's Government expects to be able to hand the wrecked hotel platform "Alexander Kielland" back to its legal owners, the Norwegian Insurance Pool, in about a fortnight, Mr Asbjørn Haugstvedt, the Minister of Shipping, said yesterday.

The pool plans to tow the rig to deep water and scuttle it, and bas already received tenders for the job from five companies, both Norwegian and foreign. One bid has been submitted by Stolt Nielsen Seaway Contracting, the firm which last month successfully uprighted the capsized platform.

Mr Haugstvedt, said he felt that the operation had been worthwhile, despite its high costs – about NKr 250m ($34m). Although only six of 36 missing crew men had been found on the rig – far fewer than expected – the police search had put an end to the uncertainty of the bereaved families.

It had, moreover, confirmed many of the assumptions made by the enquiry commission regarding conditions on board – open hatches and so forth – which had contributed to the Kielland's rapid capsize after it lost a leg in a North Sea storm, three and a half years ago.

Mr Hamgstvedt added that the turning operation itself had been a major engineering feat which had won International respect for the Norwegian firms involved.

The police were expecting to finish work on the rig yesterday, well ahead of schedule. When they started, e fortnight ago, it was estimated that the task of searching for bodies in the superstructure might take up to six weeks. Nothing has been found to confirm rumours that the Kielland was used for drug smuggling, and plans to bring sniffer dogs aboard have been dropped – partly because the stench on board is so strong that the animals would probably be unable to work there.

Today, the official commission of enquiry will go aboard. It plans to spend only one day going through the superstructure, looking for possible additional evidence about the rig's condition when it capsized. When the commission inspection is over, various other interested parties will be allowed aboard under police escort – among them representatives of the rig's builders, the French yard CFEM.

Haugstvedt said no formal request bad been made to the Ministry that the rig be dry-docked, to allow for thorough inspection of its remaining legs and struts. Critics of the official inquiry commission report have claimed that dry docking could cast additional light on why the platform lost one of its five legs.

Libya detains group of Frenchmen as reprisal

BY DAVID HOUSEGO IN PARIS

FRANCE'S already strained relations with Libya sharply deteriorated yesterday after the Tripoli regime refused to allow 37 French subjects to leave the country.

The Libyan action is taken to be a direct reprisal for the arrest in France last week of M Said Mohammed Rachid, a suspected terrorist accused by the Italian authorities of murdering a prominent opponent of Colonel Muammer Gadaffi, the Libyan leader.

The French Foreign Ministry yesterday issued a strongly worded protest saying that the Libyan decision was unacceptable. The Libyan ambassador is being summoned again today to the Foreign Ministry to explain and M Claude Cheysson, the French Foreign Minister, is to take up the issue directly with the Libyan Foreign Minister.

France has been in direct conflict with Libya over Chad where Libyan forces have backed the rebel troops of M Goukoumi Ouddei.

The 37 Frenchmen were prevented from boarding a plane from Tripoli on Sunday. The French Government refuses to accept that there can be any justifiable link between their detention and the arrest of M Rachid. M Rachid is believed to be one of the leaders of a "murder" squad set up by Colonel Gadaffi to eliminate his opponents in Europe.

Political stability means that King Hassan's Government should succeed in rescheduling its foreign debt, writes **Francis Ghiles**

Drought and war force Moroccans to swallow stiff IMF medicine

AGREEMENT on an austerity programme with the International Monetary Fund is more than a sensitive subject in Morocco: little more than two years ago, such a deal sparked off bloody food riots in Casablanca when it involved sharp increases in food prices.

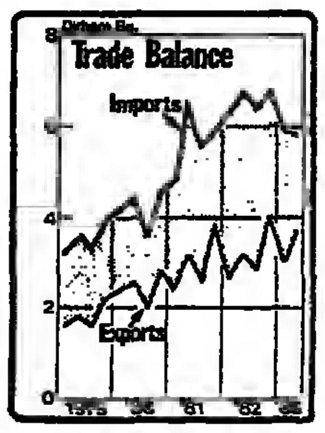
Last month the IMF gave its formal approval to a new programme as part of a package of stabilisation measures including the rescheduling of foreign debt, another round of food price increases, severe cuts in government expenditure and a creeping devaluation of the dirham. But so far there has been no hint of a repeat of the events of two years ago.

King Hassan has had little choice but to go along with further doses of austerity. His country has suffered a whole series of setbacks in the past four years.

It has suffered the twin calamity of drought in 1979-81 and again this year, a one third decline in the price of its major hard income earner, phosphate rock, and growing protectionism in the EEC, Morocco's major market for fruit and textiles.

The rise in the cost of oil and sulphur imports (sulphur is important to the phosphate industry) has been a further burden. Morocco has been living beyond its means. It is also paying a heavy price for the war it has been waging in the Western Sahara against the Polisario liberation movement since 1975.

Despite help from the IMF since 1980 and much belt-tightening since then, a further drastic series of measures was announced last July. They include sharp cuts in investment this year and next, virtual freezing of new jobs in the civil service and hefty increases in personal taxation, including the "solidarity" tax which helps to finance the war in the Western Sahara.



The deterioration in the Kingdom's current account — the deficit increased from DH9.7bn (£855m) in 1981 to DH11.7bn last year—has been mirrored by a sharp increase in outstanding foreign debt. The debt rose from $7bn in 1980 to an estimated $11bn today. The debt service ratio, as a percentage of exports and transfer payments, shot up from 27 per cent in 1980 to over 40 per cent today.

Massive injections of funds from abroad, notably Saudi Arabia and the Gulf, the IMF and France, have helped to cover the current account deficit, but aid from Middle Eastern countries declined by half last year, to below $500m (£337m).

With hard currency reserves dwindling to $26m last February, the Minister of Finance, M Abdellatif Jouahri, has had a thankless task this year. He still needs to find $848m before this year is out: Morocco will chalk up a current account deficit of $1.3bn in 1983 and has to repay $1.17bn-worth of outstanding debt. It has been able to draw down $1.48bn in loans and aid.

Next year it needs a further $1.7bn: it is hoping to cut its current account deficit to $950m, will have to repay $1.38bn in debt and expects to draw on loans worth $640m.

The Kingdom's financing needs thus amount to $2.54bn over the next fifteen months. If M Jouahri can persuade the banks to reschedule all the principal owed to them over that period and convince the Club of Paris to reschedule most of the principal and interest due to Western governments, he will have plugged a $1.59bn gap.

The bankers' meeting in Rabat last month and soundings by the Moroccans during the annual IMF meeting suggests M Jouahri will succeed. All the major banks present at the Rabat meeting agreed to keep open short-term credit lines they have with the Kingdom, which amount to around $950m.

Of the $950m the Minister must then find $320m was pledged by the IMF last month, and a further $150m is expected to be approved shortly by the World Bank.

King Hassan of Morocco

M Jouahri's handling of the debt rescheduling has ensured a fair degree of order, and the Moroccans are hoping that their richer friends in the Middle East will step up their level of aid, thus enabling them to bridge the remaining gap of SDR 480m.

The Minister has also shown skill in selling his austerity package at home. He has consulted the opposition parties, labour unions and business leaders and shown the patience of Job in winning their acceptance. Nobody in the country has forgotten the riots of June 1981 after unannounced food price increases.

The success of the austerity measure, however, hinges on factors which have ill served the Kingdom in recent years and over which it has little control. There is no hope of an early end to the Saharan conflict, the U.S. dollar is still riding high and the price of phosphate rock remains low.

But rain is what the Kingdom most needs: a good crop next spring would add 3-4 per cent to the gross domestic product, cut the import bill for cereals and help reduce the state budget deficit.

The two droughts since 1979 have taken a heavy toll in the countryside where two thirds of King Hassan's subjects live. Few Moroccans last month sacrificed a lamb to celebrate the *Aid El Adha*, the sacrifice of Abraham. Learning to live more modestly is hard for a country so richly endowed by nature.

But Morocco enjoys a measure of political stability many in Africa envy despite the concern over the Western Saharan conflict. Contrary to some suggestions the difficulties he faces domestically are unlikely to make King Hassan more flexible on that issue.

King Hassan, Commander of the Faithful, has a religious standing in his country few Arab leaders enjoy. The Alaouite dynasty has ruled Morocco for over three centuries and although the King has not always been well served by his ministers, the present Government boasts more competent men than at any time since he came to power 20 years ago.

China may purge 2m

BY MARK BAKER IN PEKING

AT LEAST 2m Chinese are likely to lose their Communist Party membership in a wide-ranging reform campaign.

The standing committee of the party's Central Committee is expected to ratify a detailed document this week that will set the rules for a three-year "Rectification Campaign" in the 39m-member party.

The campaign is aimed at weeding out many of the people who won their membership for supporting the "Gang of Four" during the Cultural Revolution of the late 1960s and early 1970s. It will also combat increasing petty corruption, nepotism and inefficiency

Hu Yaobang, Communist Party General Secretary, told a visiting delegation from the Japanese Socialist Party recently that the campaign would review and consolidate the entire operations of the party.

"I have the impression that this time it will be very strict and re-registration of party members will be made," Mr Masashi Ishibashi, the Socialist leader, said after meeting Hu.

Ghana devalues the cedi

BY QUENTIN PEEL, AFRICA EDITOR, IN LONDON

GHANA yesterday formally devalued its currency, the cedi, by more than 90 per cent, scrapping a complex system of import surcharges and export bonuses designed to achieve the same effect.

Details of the huge devaluation were announced on the radio, moving the official exchange rate from 2.75 cedi to 30 cedi to the U.S. dollar.

The move had previously been firmly resisted by the Ghanaian Government, because of the likely political backlash inside the country. However, it is unlikely to have a much greater effect on consumer prices than the system of import surcharges of up to 990 per cent introduced last April, as a form of disguised devaluation.

The formal devaluation follows the approval in August by the International Monetary Fund of loans totalling SDR 359m ($382m), which included a one-year standby credit of SDR 238.5m and a loan from the compensatory financing facility of SDR 120.5m

The system of surcharges and bonuses amounted to an effective dual exchange rate, with differential levels of 750 and 990 per cent for different commodities and the IMF deal was reported to include the condition of a return to a unified exchange rate within a year.

The devaluation could well fuel opposition to the regime of Flt Lt Jerry Rawlings, which has survived several coup attempts since it overthrew President Hilla Limann on New Year's Eve, 1981. There are continuing widespread shortages of food and other basic commodities in urban areas.

Burma captures 'Korean terrorist'

Burmese Police captured one Korean "terrorist," killed another and are seeking a third following Sunday's bomb blast which killed nearly 20 senior South Korean officials, the Rangoon Government said last night, Reuter reports from Rangoon. No personal details of the Koreans were given, nor was it said whether they came from the North or the South. The captured Korean was seriously wounded after he threw a grenade injuring two Burmese policemen. Police also arrested two other men, described as "terrorists," one of whom was killed after tossing a grenade, allowing the other to escape.

Seoul acts to forestall loss of confidence in economy

BY ALAIN CASS AND ANN CHARTERS IN SEOUL

SOUTH KOREA yesterday acted to forestall any possible loss of confidence in its economy as public anger swelled over Sunday's terrorist bomb explosion in Burma which killed 19 visiting South Koreans, virtually wiping out the country's top economic officials.

President Chun Doo-hwan announced the formation of an *ad hoc* committee to monitor South Korea's economy, in order, according to officials, to prevent "possible confusion and unrest."

The move was coupled with a statement by Mr Kang Kyong-shik, the country's Finance Minister and one of the few surviving members of the economic hierarchy, that the controversial policy of reform and liberalisation "cannot be changed." There was no other way forward, Mr Kang said.

The chief architects of the new policy, which calls for greater exposure of South Korea's key industries to foreign competition in order to improve efficiency, died in the blast, raising fears among foreign investors that the policy may lose momentum.

Other developments yesterday in the crisis, which has raised tension on the Korean peninsula were:

- The return to Seoul of the bodies of 16 South Koreans—four of them Cabinet Ministers—amid harrowing scenes of public grief carried live on national television.

President Chun has accused North Korea of carrying out the bombing. Virtually continuous coverage of the crisis is interspersed with intensive propaganda including newsreels of North Korean army training and films of alleged invasion plans by the North.

Western diplomats, however, said yesterday there was still no firm evidence to say that the régime of President Kim Il-sung is behind the killings.

In Seoul, demonstrators burned effigies of President Kim and called for retaliatory action.

South Korean and U.S. troops have been placed on alert and there are reports of corresponding moves by North Korea, although a military spokesman said this was not unusual in the circumstances.

- The announcement that Mr Casper Weinberger, U.S. Defence Secretary, would attend Thursday's funeral in Seoul. This is being interpreted as a reaffirmation of U.S military support for South Korea.
- Western diplomats said the U.S. would probably ask China, an ally of North Korea, to intervene in a bid to ease tension. Zhao Ziyang, the Chinese premier, is to meet U.S. President Ronald Reagan in Washington on Tuesday.

In his remarks, the Korean Finance Minister said the death of Mr Suh Suk-joon, deputy Prime Minister, charged with spearheading the new policy, and Mr Kim Jae-ik, President Chun's senior economic adviser, was a serious blow.

"Right now, I feel very lonely," said Mr Kang. But the policy will continue because it reflects President Chun's belief and his philosophy."

President Chun is expected to name a new team by the weekend after the funeral which is expected to draw more than 1m people.

TECHNOLOGY

EDITED BY ALAN CANE

MAGNETIC LEVITATION SYSTEMS ARE COMING TO THE FORE

Now flying at a height of under 1" ....

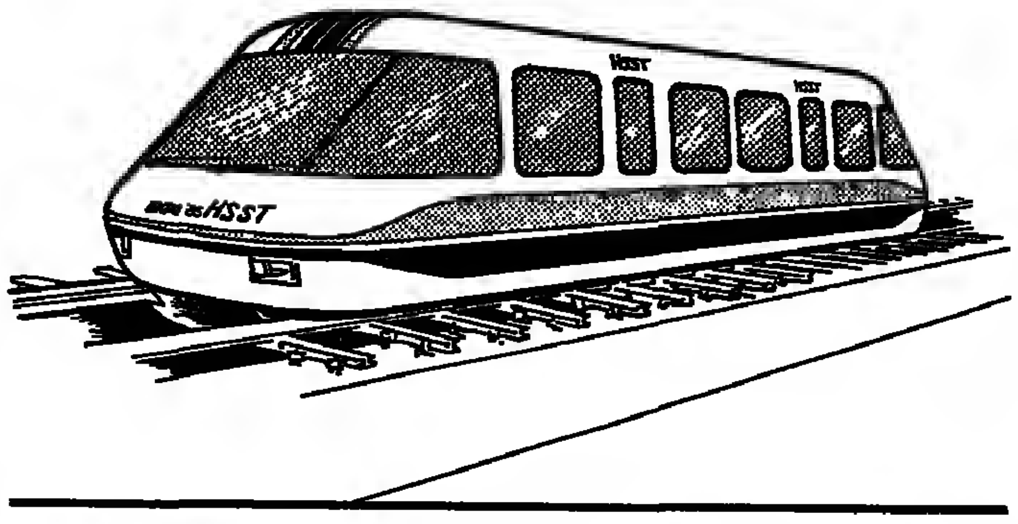
BY ROY GARNER IN TOKYO

1984 PROMISES, among other distinctions, to be the year of the "Maglev," the futuristic vehicle which, by means of magnetic levitation systems, appears to float on air as it is propelled along its track, swiftly and silently, by a linear induction, or linear synchronous, motor.

The UK is to inaugurate the world's first regular Maglev passenger service in the spring, operating between Birmingham's new airport and the nearby railway station.

Meanwhile, all seven nations with advanced capabilities in the technology will be following up on the major research proposals to be presented at the High Speed Ground Surface Transportation conference in Munich, scheduled for the end of this mooth.

Among items for discussion at the conference, which is one of tha products of the Versailles summit resolutions on high-technology development, will be a radically new concept for the application of Maglev systems, to be presented by the researcb staff of the Japan Air Lines HSST (higb speed surface transport) project.



An artist's impression of JAL's high speed surface transport to be used at Expo 85, Tsukuba, Japan

Japan's principal Maglev research efforts bave been conducted by Japan National Railwoys (JNR) since 1962, and Japan Air Lines (JAL) since 1974, the fundamental differences between the two arising from the different target operating speeds. JNR is aiming for a system capable of speeds of between 300 and 500 kph, while JAL is concentrating on a system with an optimum speed range of 300 kph. These different goals were an important factor behind JNR's choice of a unit which uses the repulsion force of superconducting magnets to achieve a car levitation of over 100 mm, and JAL's choice of a system based on the attraction force of ordinary magnets, in which the car sits a mere 10-15 mm above the track.

Both systems have proved spectacular in trials. The JNR's Maglev unit achieved a speed of 517 kph on the 7 km Miyazaki test track in 1979, while JAL's HSST travelled smoothly at 307.8 kph over a 1.3 km section during tests in 1978.

The two systems share the outstanding qualities of very quiet operation and low levels of vibration and friction, which make Maglev "trains" environmentally attractive, whila promising low track maintenance costs. Both systems are however aimed at very different markets and bave different points for and against.

JNR's fundamental objective has been to develop a form of transport able to supersede its world famous Shinkansen "bullet trains," and further their purpose of providing a progressively higher speed communications link stretching over the entire Japanese archipelago.

The plans of the Public Corporation have, however, been repeatedly handicapped by the disastrous state of its general finances, whicb now show cumulative losses equal to almost a third of the national budget.

The main Shinkansen ronte from Tokyo to Osaka and beyond has, nevertheless, been JNR's number one money-makers: the train speeds are being steadily raised to the 240 kpb level, and could reach an upper limit of around 300 kpb in 15 to 20 years' time. JNR's bope is that by around the turn of the century a 500 kph Maglev will be ready for introduction initially on the Tokyo-Osaka route, whicb can then lead the nation into a new era of fast land transport.

The ultimate problem for JNR is going to be the acquisition of land for track construction. JNR says the optimum environment for its Maglev is a 500-1,000 km track connecting several cities of at least 0.5m population on the way, and the Tokyo-Osaka route would be its essential starting point. Yet prospects seem dim that the vast sums required to build a "third line" beside tha present Shinkansen routes will be forthcoming. It is feared that JNR's present Maglev R&D budget of Y1.5bn will decline during the next three or four years, and this seems to reflect a current mood of pessimism over the prospects for the eventual introduction of the system in Japan.

JNR's current 10-year researcb objective is to achieve a Maglev unit capable of cutting the present Toyko-Osaka Shinkansen journey time of three hours 10 minutes down to one hour 40 minutes, a schedule whicb compares with the one bonr aeroplane flight time. In terms of power consumption, the Maglev would use 210 kilo calories per one seat/kilometre, compared witb 75 for the Shinkansen and 440 for o plane. JNR is currently doing tests with a two-car unit operating at speeds of 300 kph and aims for a three-car Maglcv capable of 400 kph in three years' time.

One current technical difficulty is cutting the high level of power consumption, which is ot present so inefficient that details are not being made ovailable.

Other near term research aims include a cut in the weight and size of the on-board refrigerator unit, which is necessary for developing the ultra-low (−269 degrees centigrade) temperatures required to cause a state of superconductivity in the magnets. JNR also needs to improve the efficiency of its power control cycloconverter, develop a track points system, and further study the effect of high-speed car weight on bridges, etc. Some difficulty is being experienced with the development of a system which involves no wire-connected power supply, a necessity in high speed operation. Experiments are being done on the collection of electricity from magnets, o process wblcb becomes easier as speed increases. JNR says it will be able to "pick up" 50 kw in about a year's time.

A major turning point in JNR's work was the switch from an inverted-T sbaped guideway to a U-shaped track. The former offered high stability but used up excessive space in the car cross-section. A U-shaped track allows higher speeds witb safety, and a conventional cross-section.

JAL's Maglev project was initially designed to offer a high speed airport-city link able to guarantee the airline's competitive standing as faster conventional loog distance rail services were introduced. The system chosen, which is based on West German technology, is remarkable for its simplicity. In contrast to the JNR unit, the magnetic coils are mounted in the vehicle body and the reaction plates on the track, and no auxiliary propulsion system is needed for developing initial momentum. As the vehicle sits closer to the track, less power is needed. In 1974, JAL's unit required 3 kW to lift 1 ton, the present HSST 03 consumes 1.5 kW/ton and the design target is only 1 kW/ton.

JAL claims that its avionics expertise has enabled it to develop the advonced control devices necessary to suspend the unit at a constant height above tha track. Progress has also been made in constructing a rapidly adjustable track bed, designed to minimise problems from distortions caused by earthquakes or running pressures.

A shortage of funds is holding up JAL's project, though its staff of 30 is being kept busy working on a unit to run at the 1985 EXPO in Tsukuba "science city." A system is also being studied wbere, at low speeds, a single power unit will be utilised to develop both the lift and the forward thrust.

At the Munich conference JAL's engineers will outline their latest ideas for the construction of Maglev railways. These will have two high-speed (200-300 kph) tracks resting above, and two low speed (60-80 kph) tracks suspended below, a wide plaform mounted along single upright supporting pillars. Among the advantages, all four trains would be able to use the same power supply, and construction costs would be minimised. The system would be restricted to "normal magnet" levitated units, as the magnetic flux present in "superconductive" operations would not allow the required proximity of vebicles in motion.

JAL suggests the unified fast and slow systems would overcome the common objection of citizens that the construction of high speed trains does not benefit local people. Under JAL's plan, the suspended units would offer a local service, while the overhead trains would serve express stops only.

MARINE DESIGN

World's most efficient bulk carriers

BY HILARY BARNES IN COPENHAGEN

BURMEISTER AND WAIN, the Copenhagen shipyard, bas succeeded in making further significant reductions in fuel use by the 64,000 dwt bulk carriers in which it speciolises. It has also adapted the design of the bulk carriers to a new series of fuel-efficient container vessels and product tankers.

The current fuel-efficient bulk carriers were designed to use 40 tonnes of oil a day, but wben sea trials were held with the first vessel in 1980 the actual consumption was found to be 36 tonnes at a cruising speed of 15 knots.

The latest in the series, the 14th, which will shortly be delivered to Canadian Pacific, only uses 32.3 tonnes a day at 15 knots, according to B and W's chief naval architect, Kjeld Christensen. He says that this makes it easily the most fuel efficient bulk carrier in the world.

The new improvement in fuel economy was achieved by installing a new engine type, greater propeller efficiency and by using engine exhaust gases as the beat source for generating all the electricity required by the ship wben at sea.

The new engine is o slow stroke diesel by Burmeister and Wain Diesel Engines, now owned by MAN of West Germany. It is a four-cylinder engine developing 12,300 brake horse power at 83 revolutions per minute of the 7.25m diameter propeller. The five cylinder engine used in the other vessels in the series developed 12,600 bhp at 90 revolutions per minute and drove a propeller of 6.9 metres diameter.

The yard has five more of the bulk carriers on order, but these will only provide employment to the end of 1984.

After the success which the yard has had with the fuel-efficient bulk carriers, the yard bas adapted the design for two other types of vessels. It is now marketing a series of container vessels with capacity to load from 3,200 to 1,400 20-foot cootainers and a series of product tankers varying from 53,000 to 71,000 dwt. It has not yet obtained any orders.

The container vessels are designed to achieve maximum fuel economy at 17 knots, but even at 20 knots will use 10 per cent less fuel than any existing container vessels, according to Mr Christensen.

Bnt the nsual cruising speed for container vessels today is 20-22 knots and Mr S. O. Lund, sales manager, said that owners have shown resistance to the idea of a slower-steaming container vessel.

The Burmeister yard has had a chequered history. It was established as a separate unit in 1980, when its parent company went bankrupt. The yard remains part of the bankrupt estate, which is looking round for new owners.

If the yard can win new orders, its prospects may be good. Although the yard lost DKr 150m in the 18 months to the end of 1981, when there were heavy starting up costs after a period of idleness, it made a DKr 90m profit in 1982 and expects to make ot least as much this year.

Since the first of the present series of bulk carriers was constructed, the man-hours required for building each ship have fallen by 150,000 to about 400,000. Mr Lund said that this was comparable with productivity at tha most efficient Japanese yards and double the productivity at Korean yords. But, as he said, hourly wage costs are at least twice aa higb in Denmark as they are in Korea. "If we are going to be able to sell our ships, we have to be able to show that we have got o better product," be said.

Neither Burmeister nor the other Danish shipyards receive direct state subsidies, but they receive shipbuilding finance on OECD-approved terms wbich is 8.5 per cent over eight years for up to 80 per cent of the price of the ship.

Translation conference

COMPUTER ASSISTED, and completely automatic translation of foreign languages are the topics of an Association of Special Libraries (Aslib) conference on November 10-11.

Computer software which ean do the bulk of translation work, such as ALPS, SPANAM ond LOGOS will olso be discussed. More details from Aslib on 01-235 5050.

Computing

Graphics on CP/M and MS/DOS

DIGITAL RESEARCH has extended the graphics capabilities of its popular CP/M microcomputer software so it will run on rival Microsoft's MS-DOS operating system.

DR's new Graphics Systems Extension (GSX) allows the creation of images, as well as the more usual text and data on a screen.

Software written using the GSX system will also allow these images to be output to printers or plotters.

One half of the GSX software allows graphics to be prepared in any CP/M program (with the help of certain tools), while the other half enables the program to run on a microcomputer.

Digital Research claims that graphics software can now be more easily developed on almost every make of microcomputer, by stretching the GSX to take in the MS-DOS operating system, and the PC-DOS version which runs on the IBM Personal Computer. Tel: Newbury 35304.

CAD/CAM

Prime sells Ford software

PRIME HAS launched commercially the three-dimensional car body design software, PDGS, which the Ford Motor Company wrote for its own use.

A PDGS system needs the Prime 50 series computer to offer 3-D wire frame design of a car body's shape, drafting of plans or the production of NC data which can instruct machine tools to produce it. More from Prime: 01-572 7400.

DOOR COULD OPEN FOR SYSTEM X

India unhappy with French prices for telephone contract

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Government has called for a new round of negotiations with CIT Alcatel after complaining that the French company's price for setting np telepbone electronic switching equipment plants in India are too high.

The move could open the door for British Telecom's System X which had been rejected by the Indians in favour of the Alcatel bid.

The Government now feels that the terms being sought by the French company are too stiff and that the detailed contract would lead to a price more than it is willing to pay. The French are seeking a 40 per cent escalation on the original $150m offer for a second factory that they have been asked to establish.

The Government has told CIT Alcatel that the offer, which expired on September 30, should be extended by at least four months to enable the two sides to hold fresh negotiations. If this is not agreed to, the Government is expected to call for fresh global tenders.

As for System X, the Indian Government had been given indications some months ago that the British Government would be willing to subsidise the contract to make System X competitive.

CIT Alcatel was awarded the contract partly for political reasons and partly because of soft long-term credits offered by the French Government. It was chosen for a second contract for a factory to be built at Bangalore for manufacture of 500,000 lines eveo thongh it was not in the short list drawn up after a detailed scrutiny of offers from 10 companies.

The short list was made up by Seimens of Germany, Nippon of Japan and System X of Britain. All were finally rejected on grounds that they had made no major sales abroad. CIT Alcatel, which had already been awarded the first electronic telecommunications factory to be set up at Gonda in Uttar Pradesh, was chosen instead on the ground that there would then be uniform technology available in the country.

But negotiations with the French in the past three months have thrown up a number of snags, the most important being the high cost involved since the French are now demanding $220m instead of $150m for the second factory. Final terms for the $150m first factory, for which the Indian Government has issued a letter of intent to CIT Alcatel, ace also still to be settled.

The French offer is thought to have been linked to the sale of 40 Mirage 2000 aircraft, the decision to buy which was taken at a high political level. The Mirage deal is unaffected at the moment.

Supreme Court refuses to reconsider unitary tax

BY CHRISTIAN TYLER, TRADE EDITOR

A CAMPAIGN by U.S. and foreign multinationals to overturn a method of taxation employed by a growing number of states in the U.S. suffered a further setback yesterday.

The U.S. Sopreme Court refused to reconsider its verdict in a milestone case which sanctioned the use of so-called unitary taxation by the state of California.

Companies in Europe, led by the British, and in Japan and Canada had lobbied the U.S. Administration to add its weight to moves to get the case reheard.

But President Ronald Reagan, a former governor of California, rejected the advice of his own Cabinet to take that step and also to back legislation.

Container Corporation, a U.S. multinational maker of paperboard and packaging, had challenged the California tax authorities' right to take its worldwide earnings into account when assessing a local subsidiary for state tax.

By a majority decision in June, the Supreme Court found for California. The verdict was seen as having profound implications not only for U.S. business but foreign multinationals as well.

The failure of the Administration—more by accident than design, it is said—to notify the court of the federal government's foreign policy interest in the outcome was seen by many as having tipped the scales

British and other ministers then urged President Reagan to make good the omission by filing an *amicus curiae* brief and helping Container Corporation get the case taken again.

Lurgi chosen to build Dutch hydrocracker

FRANKFURT—Lurgi Kohle und Mineraloeltechnik announceed yesterday it has been chosen to build an F1800m (£182m) hydrocracker for a Dutch subsidiary of Compagnie Francaise des Petroles (CFP) of Paris.

The Metallgesellschaft offshoot said it would handle material procurement and construction as well as engineering for the project at Flushing in the Netherlands.

Parts of the design for the CFP Total project will be done by KTI of the Netherlands and Socetec of France, Lurgi said.

It said the cracker was to be completed in 1985.

A hydrocracker upgrades heavy oil fractions from petroleum refining to obtain more valuable and more marketable light products, inclnding liquefied gas, gasoline, kerosenc, middle distillates and sulphur.

Part of the output is earmarked as feedstock for an ethylene plant in Terneuzen.

The order was the fifth hydrocracker plant for which Lurgi has been awarded a contract in the last eight years. The Dutch Total subsidiary will employ the union oil process. AP-DJ

Taiwan TV manufacturers agree common chassis

BY BOB KING IN TAIPEI

TEN LEADING Taiwan manufacturers of colour television sets have adopted a common chassis developed by a quasi-governmental research institute that should significantly lower production costs and make Taiwanese sets more competitive in world markets.

The chassis, whose major functions are directed by two integrated circuits, will lower manufacturers' costs on the component by 15 to 20 per cent. In addition, the common chassis should prove more reliable in service and less expensive to maintain.

The common-design concept may also provide a marketing boost to the manufacturers, which have been hard hit recently by competition from South Korea. Large-scale production of colour sets by the three leading Korean manufacturers have lowered costs there and given Korean manufacturers price advantages of several dollars per set at export.

Production scales in Taiwan, on the other hand, are relatively low, and more than 20 manufacturers are competing for shares of the export market.

Canon-Apple link 'could mean $100m Japan sales'

By Yoko Shibata in Tokyo

APPLE COMPUTER of the U.S. plans to sell $100m worth of computers in Japan by 1986 as a result of its tie-up with Canon Sales, the marketing arm of Canon Incorporated, the president of Apple Japan, Mr Masaya Fukishima, said yesterday.

Mr Fujushima said Canon had been picked from 23 applicants for the job as Apple's Japan distributor.

He spelled out reasons for the marketing venture announced last week. Canon Sales has a powerful distribution channel in Japan, he said, as well as strong management, and a strategy to develop new prodncts compatible with that of Apple's.

Canon Sales is currently handling its parent company's office computer Canon System 10 and personal computers, which da not compete directly with Apple's prodncts.

The ability to supply machines handling Japanese language holds the key to success in computer marketing in Japan. IBM Japan last June launched a Matsushita-made "IBM 5550" which handles Japanese language and cnjoyed instant success in the Japanese market.

Apple, in a bid to develop Japanese language software, invited 40 Japanese researchers to the U.S. earlier this year, immediately after it established a wholly-owned Japanese subsidiary. Through business ties between Canon and Apple, several types of Japanese software are planned to be developed jointly, and the first is to be announced next spring, according to Apple Japan.

Another purpose of the deal is joint development of computer hardware designed for the Japanese market.

UK contractor's credit for £54m Iraq water deal

By Our Trade Staff

A CREDIT arrangement with the Iraqi state water company has been arranged by one of the subcontractors involved in a £700m project to supply drinking water for Baghdad.

Paterson Candy International, which has a £54m contract for mechanical and electrical work on the scheme, said it had signed a deferred payments agreement with the help of Morgan Grenfell, the UK merchant bank.

The company yesterday would not elaborate on the terms of the deal.

But the agreement is further evidence of the Iraqi's desire to convert cash deals into credit arrangements, at least while the war with Iran continues and its oil revenues are being choked back.

Last week the British Government agreed to support loans of np to £250m in order to help UK companies win export contracts in Iraq. It was also agreed to convert further payments arrears into credit in 1984.

Petrochemical switch

Tonen Kagaku is to withdraw from a proposed Indonesian petrochemical preject and its 15 per cent stake will be transferred to Exxon Chemicals of the U.S., Reuter reports from Tokyo. The project, ta build a plant in Sumatra to produce 200,000 to 250,000 tonnes of polyethylene and 300,000 tonnes of ethylene a year by end-1987, was to bave been a joint venture between Tonen, Indonesia's state oil company, Pertamina (40 per cent) and Exxon (45 per cent).

Kuwait contract

Mitsubishi Electric has received a Y14bn (£40m) turnkey contract from the Kuwait Ministry of Electricity and water for the construction of an electricity supply computerised control centre, Reuter reports from Tokyo. Mitsubishi will build the centre, designed to control 120 transformer substations, by September 1986, it said.

Peru bus order worth $100m

BY DOREEN GILLESPIE IN LIMA

ONE HUNDRED Volvo articulated buses are scheduled to arrive in Lima by December in the first stage of a $100m order from Peru's Ministry of Transport. The order—apart from buses to be supplied by Volvo do Brasil—includes 300 completely knocked down (CKD) kits from the Volvo U.S. Corporation of Sweden and 600 CKD kits from Mercedes Benz do Brasil for assembly here.

The companies are also to supply spare parts, tools, emergency maintenance back-up and training as well as 10-year financing for the full value of the order.

The Transport Ministry awarded the order, along with 300 buses which were to have been supplied by Daimler Benz of West Germany, more than a year ago in an International tender which had bean called in June 1981. Final agreement was delayed by financing, however, and Peru apparently failed to reach a financing deal for the Daimler Benz bnses.

Volvo do Brasil is to provide $13.3m in credit for the supply of the buses and an initial stock of spare parts in 17 half yearly payments falling due 24 months after each shipment of vehicles with interest at 8½ per cent over outstanding balances.

The Skandinaviska Enskilda Banken is to provide another $43.6m for the Volvo CKD kits and $7.9m needed to extend the financing to the required 10 years and one month.

These amounts are to be repaid over 10 years inclnding three years' grace at 2¼ per cent over Libor plus commissions and expenses.

Mercedes Benz do Brasil is financing $37.8m-worth of CKD kits. These are to be repaid in 17 half-yearly payments falling duc 24 months after each shipment at 8½ per cent on outstanding balances.

The Volvo buses are to be assembled by Volvo del Peru with local metalworking plants building the bodies. Moraveco, a local metalworkiog company, is to assemble the Mercedes-Benz vehicles. The buses are to be delivered to Enatru, the state-owned bus line, and privately owned city bus lines serving Lima and surrounding areas.

Nick Garnett reports on a North of England confirming house

A helping hand for small-scale exporters

ARRANGING export credit and organising documentation might matter for a big GEC engineering subsidiary be a largely straightforward

If you are back-street bottle-washing machine manufacturer in a northern township, such as Ramsbottom, and you have just taken your first one-off order for £75,000 from Saudi Arabia, such export preparations may be so intimidating as to lead to despair.

That is one of the lessons which Mr Jack Cropper says he has been learning from his offica in Rochdale, north of Manchester. That is where the English Association Export Finance Company—a new confirming house whose parent, the English Association Trust, is licensed by the Bank of England as a deposit-taking institution—set np shop in May this year.

It is in Mr Cropper's interest, of course, to make a case for more on-the-spot export finance and documentation help in the North, particularly for small businesses.

But, as a former export finance and commercial director of Platt Saco Lowell and a member of the British Textile Machinery Association's export finance committee, be says he bas been aware for a long time of the handicaps suffered by small manufacturers 200 miles from London's finance houses.

"Some companies have shrunk to such an extent in the recession that the job of handling export documents is left to a secretary or an office clerk. They are out of their depth and need basic face-to-face help," he says. "London always assumes that people know what's going on, but that's not the case."

Small machinery manufacturers which have not come across this problem but are not used to handling export work can feel isolated from the London finance houses.

"If a company has a small order, it might be able to persuade someone to come up from London, but they are frequently not inclined to go down there for assistance. If they do get some response from London, up comes someone and blinds them with science."

The English Association says this might deter some small manufacturers from seeking export business. "If they don't understand how to do things, they won't even bother," says Mr Cropper. "I think we have been neglected in the North, from the point of view of expertise."

Mr Michael Walsh, Manchester-based northern regional manager for Barclays Export Services, also agrees that small companies in manufacturing areas away from the South East, can feel isolated from the main centre of export services, and frequently need their bands held when it comes to documentation.

Since the Barclays operation in Manchester was opened at the end of 1981, Mr Walsh has spent a good deal of his time out in the sticks assisting companies. He argues that branches of Barclays Bank International represent a broad network of assistance in the Northern manufacturing regions.

Most of the main banks have assistance schemes for small exporters, though bank branches are often out of their depth when it comes to export credit assistance.

The English Association Export Finance Company offers credit facilities on export orders as low as £50,000. Most servicea run by the clearers will go down to this level if they know the manufacturer well, but generally tend to baulk at orders worth less than £100,000 to £150,000.

Mr Cropper says, however, that one export order for £50,000 might be the difference between survival and extinction for some small machine makers.

Swiss trade gap forecast to increase in 1984

BY JOHN WICKS IN ZURICH

SWISS EXPORTS are likely to increase only gradually, if at all, next year. This is claimed by two recent economic studies, both of which point to another high deficit in visibles trade in 1984.

The Zurich Cantonal Bank believes that the demand for capital goods in industrialised countries will show "a slight increase at best" next year after having declined in 1983. At the same time, members of the Organisation of Petroleum Exporting Countries (Opec), the Third World and the communist block are seen as likely to limit their imports for financial reasons. The bank therefore expects Swiss exports to remain unchanged in real terms in 1984 or possibly even fall by up to 1 per cent.

The Zurich Polytechnic, whose forecasts also receive much attention in Switzerland, is rather more optimistic though it expects growth on foreign markets will be limited by the strong Swiss franc exchange rate. For next year this study expects a real-terms rise in exports of some 2 per cent. However, it reckons on a 3 per cent growth in imports.

For this year it appears that the Swiss trade deficit may be second only to the SwFr 11.25bn (£3.5bn) record set in 1980. In the first eight months alone the deficit on merchandise trade had reached SwFr 6.03bn, or nearly 74 per cent more than for the same period of 1982. While imports rose in real terms by 4.7 per cent for the period, exports showed a corresponding fall of some 4.9 per cent.

Bank offshoot to promote Ticino industry

FOREIGN DIRECT investment in the Swiss canton of Ticino is to be sought by a new industrial promotion body set up on the initiative of the Lugano-based Banca della Svizzera Italiana (BSI), writes John Wicks in Zurich.

The organisation, Holding di Promozione Industriale, has been launched by the bank and the affiliated trustee company Fidinam Fiduciaria to build up the fanufacturing sector in the Italian-speaking canton.

Although some 44 per cent of jobs in the Ticino are in industry, the region suffers from a concentration of small production units, many in the crisis-stricken textile and clothing areas or making semi-finished products for larger groups

Williams & Glyn's to make export travel awards

BY FRANK GRAY

WILLIAMS & GLYN'S, the merchant bank will provide £20,000 in export travel to British shopfloor workers. This is £4,000 more than was provided last year.

Under the scheme, 20 awards, worth np to £1,000 each are being offered on a regional basis throughout Britain. The purpose is to prompt selected employees to travel abroad to see how their company's products or services are being used. The scheme is being backed by the British Overseas Trade Board. The award programme was started in 1979.

Meanwhile, Midland Bank International which sponsors Midland's Export Award for Smaller Businesses, yesterday announced winners of another of its programmes under which it awards cash prizes and transport to young men and women working in export.

The winners were Mr Mike Jones of John Holt and Company, a Liverpool trading company and a unit of the Lonrho Group (£500 and transporation to Hong Kong); Mrs Karen Renshaw of the Carborundum Company, a UK subsidiary of Standard Oil of Ohio (£200); and Mr Dennis Greensmith of Bradley and Foster, a foundry specialists and a part of the Stavely Industries group.

The winners are selected on the basis of their placing in Institute of Export annual examinations.

Argentina creditors meet to set drawdown date

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ARGENTINA'S leading creditor banks were meeting in New York last night in an effort to set a new date for the country to draw the first instalment of the $1.5bn (£1bn) loan it has been promised as part of its debt rescue package.

Drawdown of the first $500m instalment had been set for next Monday, but was postponed because of last week's mini-crisis, which saw the arrest of Sr Julio Gonzalez del Solar, Governor of the Central Bank, by a provincial judge in the Patagonian city of Rio Gallegos. Bankers said yesterday they still hope to complete arrangements before the end of the month.

This will, however, require a number of administrative changes which were due to be discussed at yesterday's meeting. The changes basically involve altering the schedule for completion of related financial transactions between the banks and Argentina.

Specifically, creditor banks have to agree to a further delay in repayment of $350m which Argentina owes them on a $1.1bn bridging loan arranged earlier this year. Argentina cannot pay this money before it has received the $500m loan instalment now under discussion.

They also have to set a new timetable for completion of rescheduling agreements covering the debts of about 30 public sector agencies. These were previously due to be completed by mid-October. Also, they have to decide on the extent to which Argentina must eliminate interest arrears on its public sector debt before drawing the $500m.

The arrears are now thought to stand at less than $100m with payments due up till the end of September broadly complete. Some bankers argue that September 30 could count as a cut-off date for computation of the arrears, and that the country should be allowed to draw further funds if all interest outstanding on that date has been paid.

But the new timetable for settling arrears and for signing the refinancing agreements will have to be sanctioned by the International Monetary Fund which has been monitoring Argentina's financial performance very closely..

Support sought for Brazil loan

BY PAUL TAYLOR IN HONOLULU

THE MAJOR New York money centre banks were yesterday attempting to rally support behind the latest $6.5bn Brazil loan package.

The move emerged during the American Bankers Association (ABA) annual meeting in Hawaii, at which many smaller U.S. banks have privately been expressing destinct unease about continued foreign lending to some of the financially troubled less developed countries.

As part of the major U.S. banks' selling campaign a delegation of senior Brazilian bankers and government officials, led by Mr Affonso Pastore, was due yesterday morn- Manufacturers Hanover and Chase Manhattan officials, was designed as an information meeting at which Brazil would explain the background to its latest $6.5bn commercial bank loan request thrashed out during the recent IMF meeting.

Reginald Dale assesses the battle for the Democratic nomination

Gloves off for Glenn v Mondale

THE two leading contenders for next year's Democratic presidential nomination, former Vice-President Walter Mondale and former astronaut Senator John Glenn of Ohio, have finally taken their gloves off.

As Mr Mondale continues to make impressive strides towards the nomination, what has hitherto been a gentlemanly contest between the two men shows signs of deteriorating into a slanging match over past economic policies.

Mr Mondale started it at the weekend by attacking Mr Glenn for voting for President Ronald Reagan's 1981 tax cut, which Mr Mondale castigated as a prime piece of "special Interest" legislation—meaning that it catered exclusively to the interests of the well-to-do.

Mr Mondale was trying to turn the tables on frequent accusations that his own campaign is directed at a patchwork of special-interest groups, including blacks, women activists, Hispanics, union members and other so-called "minorities."

Mr Glenn angrily retorted that, along with four out of five other Democratic senators, he had voted for a change from the "disastrous, failed policies" of the Carter administration, which had "devastated the economy." His reply was clearly intended to saddle Mr Mondale, President Jimmy Carter's Vice-President, with responsibility for those policies.

"It is a little like the first mate on the Titanic criticising someone for going for a lifeboat," Mr Glenn said tartly of Mr Mondale's attack. Mr Mondale nad been part of "the administration that gave us 21 per cent interest rates and 17 per cent inflation rates," he added.

Mr Glenn said that he was "saddened" by Mr Mondale's assault, and hoped that such fisticuffs were not going to become "the norm" in the campaign.

Mr Mondale duly returned the compliment by trying to pin Reagonomics on Mr Glenn. Mr Glenn had "voted for Reagonomics — and for massive military spending increases and cruel cuts in human services" at a time when the economy was recovering and unemployment and inflation abating, be maintained.

For good measure, he added, "Reaganomics was the worst massive deliberate economic mistake in our history. It drove us into our deepest recession, cost millions of jobs, resulted in thousands of bankruptcies, saddled the next generation with a trillion dollars of debt, pummelled the American farmer, devastated international trade and ushered in the cruellest assault on social justice in American history."

Some Washington political experts thought that both men could be losers if the exchange developed into a bitter debate on Mr Carter's economic policies, focusing renewed attention on an administration that most Democrats would like to forget.

Mr Mondale's early lead, however, is already looking increasingly hard to beat. He added to his 51 per cent victory in the non-binding Maine Democratic presidential straw poll ten days ago with another 47 per cent victory at a similar event in Iowa at the weekend.

A wider poll of Iowan Democrats showed Mr Mondale ahead of Mr Glenn by 46 to 27 per cent—a significant lead in the state which hold the first delegate selection caucus for next summer's Democratic convention in February.

Organised labour is meanwhile pledging to pull out all its organisational stops in support of Mr Mondale, who was formally endorsed by the AFL-CIO, the country's largest labour federation, last week. For the AFL-CIO the drive will be motivated as much by the desire to demonstrate that it can get its chosen candidate nominated as by personal support for Mr Mondale.

Many observers now believe that, barring surprises, Mr Mondale and Mr Glenn are the only two out of seven candidates with sufficient resources for a protracted campaign.

Court refuses review of MCI suit

By Stewart Fleming in Washington

THE U.S. Supreme Court refused yesterday to review a $1.8bn anti-trust judgment which an Appeals Court awarded MCI Communications earlier this year in the company's long running anti-trust suit against American Telephone and Telegraph (AT & T).

Both companies yesterday offered conflicting interpretations of the court's ruling. According to MCI the court's decision leaves the lower court and Appeals Court rulings that AT & T did violate anti-trust law standing, and leaves the two companies with the task of battling out the level of damages which should be levied.

But AT & T said yesterday that the Supreme Court's decision not to hear the case and not to comment on that stance, did not imply that the court supported the earlier judgments against it and that therefore the question of both guilt and damages went back to the local court in Chicago.

MCI originally brought the anti-trust case against AT & T in 1974 alleging, among other things, that the company was illegally preventing it from having access to the local telephone system. The case subsequently developed into a path-breaking legal battle and was one of the forces which contributed to the decision to break up the AT & T monopoly of the U.S. telephone system.

MCI has been one of the star performers on Wall Street in the past three years, profiting from the freedom which communications companies hove won to "piggy-back" on the AT & T telephone system and offer competitive services. Since 1980 its sales bove risen from $144m to $1.7bn.

Sea-Land chief executive resigns post

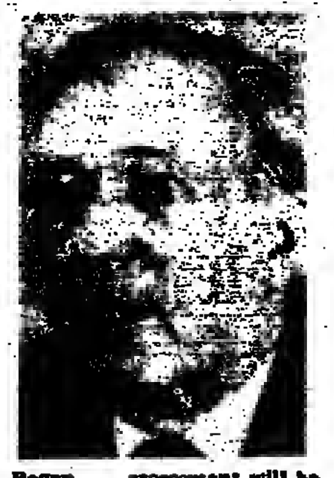
By William Hall in New York

CHARLES HILTZHEIMER, chief executive of Sea-Land and one of the best known figures in the world container shipping industry, has announced his resignation. The move comes only a month after R. J. Reynolds, the consumer goods conglomerate, announced it was studying the possibility of spinning off Sea-Land, the worlds biggest container shipping company, as an independent unit with n stock market quote.

When it announced its plans, Reynolds said that if the spin-off went ahead, Mr Joe Abely, who had been in the running for the top job at Reynolds, would take over as chairman and chief executive of Sea-Land.

Mr Hiltzheimer has spent 20 years with Sea-Land and has been instrumental in building it up into one of the best managed companies in the world container shipping industry. Last year, it earned $157m on revenues of $1.6bn and its ships serviced 180 ports in 58 countries.

Mr Hiltzheimer, who has beaded Sea-Land for the last seven years, plans to pursue other personal interests. His departure comes at a difficult time for Sea-Land. Apart from the disruption of a possible spin-off from its parent, R. J. Reyoolds, the shipping company is facing fierce competition. Mr Malcolm McLean, who sold Sea-Land to Reynolds for $500m in 1969, is building 12 giant container ships for his U.S. lines, which are intended to compete on the high seas with Sea-Land within the next year.



Regan . . . assessment will be welcomed

U.S. trade deficit 'will make $ weaker'

By Paul Cheeseright in Brussels

THE DETERIORATING trade balance of the U.S. will make the dollar weaker, Mr Donald Regan, the U.S. Treasury Secretary, said yesterday.

His assessment will be welcome to EEC leaders who have been complaining persistently about the strength of the dollar and the effect this has had on their stability of European currencies. This concern about the dollar has led to sharp criticism of Washington for maintaining high U.S. interest rates.

Mr Regan said that even if interest rates fell by several points, he was doubtful if this would be reflected in the value of the dollar. "Countries with a weak trade balance year after year have a weak currency," he commented.

Speaking from the U.S. to reporters in Brussels, Mr Regan surveyed the prospects for the U.S. economy and also said that he stuck to his prediction that the Congress would pass the necessary legislation to permit an International Monetary Fund quota increase by the deadline of November 30.

The U.S. trade deficit is expected to reach a record level of over $60bn this year. Over the longer term, this would overshadow the present strong demand for the dollar from abroad, Mr Regan said. As far as interest rates are concerned, he predicted a fall provided the Reagan Administration stays on its present path.

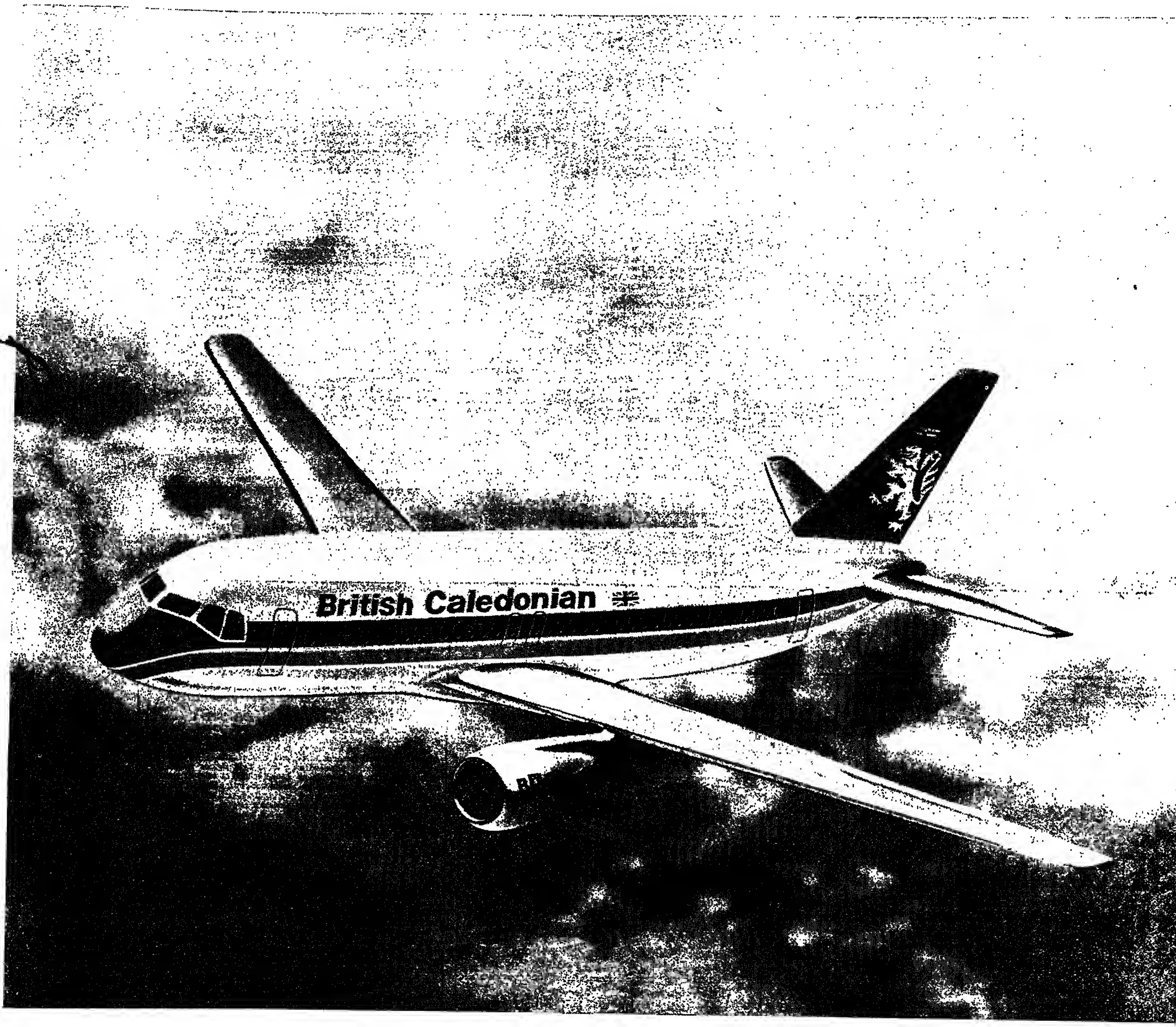
Diesel tank blown up in Nicaragua

By Tim Coone in Managua

A LARGE OIL tank filled with diesel fuel was blown up at Nicaragua's Pacific port of Corinto late on Monday night. Some 1,500 people living in the vicinity of the port have been evacuated, and, according to local information, the fire was still raging on Tuesday morning with black smoke billowing across the town.

Other fuel storage facilities next to the destroyed tank are not thought to be in immediate danger, as the neighbouring tanks are believed to be empty.

The Nicaraguan Ministry of Defence has announced that it is mounting a major land and sea operation to track down the sabotage team that carried out the attack, and, although no one has yet claimed responsibility for the attack, the oil storage facilities at Corinto have been the target of a number of failed sabotage attempts


British Caledonian

UK NEWS

BP holds out over crude oil terms

By Richard Johns

CONTINUED RESISTANCE by British Petroleum is delaying acceptance of the British National Oil Corporation's (BNOC) price proposals for North Sea crude varieties for the fourth quarter.

BP and several other trading partners of the corporation are understood still to be holding out against the new set of "differentials," or price variations, proposed by BNOC. Maintenance of the $30 per barrel reference price for Brent Blend is not at issue.

One objection is because the suggested readjustment of differentials will involve a slight increase across-the-board in the average weighted price.

The rise would be little more than 0.5 per cent. But BP is believed to argue that even such a small increase is unjustified when the prospect is for a weak market.

The companies yet to accept the proposals point to the steady decline in spot market prices since the beginning nf August and a build-up of stocks on land during the third quarter in industrialised countries of 1.3m barrels a day – a higher rate than had generally been expected.

BP, in particular, objects to the proposal that the official selling rate for its Forties crude should be raised from $29.75 to $29.90, arguing that this would over-value it in relation to Shell-Esso's Brent Blend. It and the other companies also disagree with other changes in differentials suggested by BNOC.

Stock Exchange membership backs plans for reform

BY JOHN MOORE CITY CORRESPONDENT

MEMBERS of the London Stock Exchange yesterday voted overwhelmingly in favour of proposals which will lead to the biggest structural upheaval in the history of the market.

At the largest meeting of members ever held in recent memory, 860 stockbrokers and stock jobbers voted in favour of constitutional changes which will admit outsiders into the system of government at the stock exchange, while 63 voted against.

The outcome of yesterday's vote now clears the way for the Department of Trade and Industry to exempt the Stock Exchange from the effects of legislation under the Restrictive Practices Act. Last night the Trade Department said that it "welcomed the decision of the Stock Exchange members."

Sir Nicholas Goodison, chairman of the exchange, said that the result enabled the stock exchange authorities to "go forward doing everything we can to ensure we continue to run a competitive and well regulated central market."

The vote yesterday on the admission of outsiders to the Stock Exchange Council and the creation of a variety of self-regulatory bodies for the stock exchange represented part of a package agreed with the Government in June this year.

The Government agreed to exempt the stock exchange from the operation of restrictive practices legislation provided the exchange agreed to admit outsiders to its self-regulatory mechanisms and dismantled its rules setting minimum scales of commission on transactions carried out in the market.

More than 4,000 members were entitled to vote on the constitutional changes admitting outsiders to the stock exchange's ruling council. About 2,000 members had voted by proxy, some 92 per cent of those votes cast were in favour.

Up to 1,000 members of the stock exchange attended yesterday's meeting at the Chartered Insurance Institute in London. Sir Nicholas faced a barrage of questions during a tense meeting. Many members of the market are unhappy about the deal concluded between the exchange and the Government, and the commercial implications for their businesses.

Sir Nicholas was asked whether a timetable had been agreed for the dismantling of commission scales. He told the meeting that no timetable could be given, except that members had until the end of 1986 to dismantle the scales, but he expected the council to draw up plans during November and early December.

Sir Nicholas told the meeting that there was no alternative to the Government's deal, and that if the Government's bluff were called the stock exchange would once again become subject to restrictive practices legislation.

He was asked whether it would be possible for an outsider to become chairman of the market following the constitutional changes admitting outsiders. Sir Nicholas told the meeting that it would be possible.

A poll of members was asked for by nine members of the meeting, but Sir Nicholas headed off the challenge by calling for a vote by a show of hands. After the members had voted, Sir Nicholas asked whether those seeking a poll still intended to go ahead. But the dissenters at the meeting decided to abandon the move.

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Conservative Party conference at Blackpool

Killers face minimum 20-year jail terms

BY OUR POLITICAL STAFF

Leon Brittan

CONVICTED KILLERS in five categories of violent crime will in future be jailed for a minimum of 20 years, Mr Leon Brittan, Home Secretary, said yesterday.

The new measures, which do not involve legislation, cover murders of police and prison officers, terrorists, sexual or sadistic murderers of children and armed robbers who commit murder.

Mr Brittan's statement came after a debate on a resolution at the conference which called on the Government to take stronger measures to strengthen the force of law – "to reverse and finally eradicate the growing wave of lawlessness in Britain."

Mr Brittan also announced three new proposals as a result of a recent review of crime and punishment. Legislation would be introduced to increase the maximum sentence for those carrying firearms from 14 years to life imprisonment.

There had also been widespread concern about a small number of cases in which inadequate sentences had been passed for serious crimes of violence as in certain rape cases, he said.

"So, I shall introduce legislation, as part of a Bill on the independent prosecution service, to allow the Attorney General to refer such over-lenient sentences to the Court of Appeal."

The nriginal sentence would not be altered, but the Court of Appeal would be able to make 'crystal clear' what was considered the proper punishment for such an offence.

Because of growing concern about the gap between the length of sentence passed and length of sentence served, no one sentenced to more than five years' imprisonment for an offence of violence should be released on parole except in specific circumstances, he added.

Mr Brittan said all these measures would "increase the number of violent criminals in custody and dim their prospects for release."

However, Mr Brittan, offering the olive branch to his liberal critics, said he was examining ways of getting out of prison some of the fine defaulters, drunks and mentally disordered offenders, for whom prison was not the proper place.

A major assessment of the function of the probation service was also under way, while he intended to reduce from one year to six months the minimum qualifying period of imprisonment before a prisoner could be considered eligible for parole.

● An increase in the starting point for income tax is likely to remain a priority for most of the current Parliament over a further reduction in the basic rate, Mr Peter Rees, Chief secretary to the Treasury, told the conference.

This represents the most emphatic statement since the general election of the shift in the government's tax priorities over the last 18 months.

Treasury ministers now believe that the greatest impact on incentives can come from raising the lower threshold and so taking workers out of the income tax net altogether. This contrasts with the original emphasis on cutting the basic rate which would principally benefit middle-income groups and the better-off.

The shift also reflects the recognition that there is unlikely to be much room for manoeuvre for tax cuts over the next few years.

Mr Rees said the government attached "a very high priority to raising the starting point for income tax," though he pointed out that it would cost £750m for every £100 change. He added that a further reduction in the rates of income tax "must yield precedents for that."

● Mr Peter Walker, Energy Secretary, told the conference that he favoured privatising the coal, gas and electricity industries in e form that would increase the influence of management and workers.

He announced a review of the energy industries to find a system of control whereby "those who work in and run the industries can have a greater participation and interest in their success."

Parkinson dismisses resignation reports

By John Hunt

MR CECIL PARKINSON, the Trade and Industry Secretary, has emphatically declared that he has no intention of resigning as the result of the love affair he has had with his former secretary Miss Sara Keays.

"Yes, I will continue, I intend to continue in office," he said in a robust and confident reply to questions on BBC television.

Mr Parkinson, the former Tory Party chairman, in his first public comment since making his statement that he was the father of a baby expected in January by Miss Keays, dismissed as "entirely fiction" reports that he was "tottering towards resignation." There had, he said, been huge speculation based on nothing.

But then he voluntarily added a further comment which seemed to hint that he was leaving the door ajar to his eventual departure should the pressure on him become unbearable, or if Mrs Margaret Thatcher, Prime Minister, felt she could no longer stand by him.

"The Prime Minister appoints all ministers. If I ever cease to be an asset and become a liability to the Government and the Prime Minister felt that, then I would leave immediately."

There was strong applause at the conference yesterday when Mr Parkinson's name was mentioned, first by Mr John Gummer, his successor as party chairman, and by Mr Peter Rees, Chief Secretary to the Treasury.

Mr Gummer said the party was fortunate in having in Mr Parkinson an outstanding secretary of state.

Money supply back within target range

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

MONEY SUPPLY was brought back under control in September, official figures out yesterday suggest that the Government still has cause for anxiety about the pace of public spending this year.

Separate figures for the money supply and central government borrowing in September provoked a mixed reaction in the government securities market. Prices rose immediately after the money figures were announced but then fell back by up to ½ point.

The Bank of England's provisional estimate was that sterling M3, the broad measure of money (cash and bank deposits) fell in the banking month by ½ per cent. M1, the narrow measure (cash and bank deposits that can be withdrawn without notice) is also estimated to have fallen, by ¼ per cent.

In the seven months to September, sterling M3 rose at the equivalent of an annual rate of 9¾ per cent. That brings it back within the Government's target range of annual growth of 7 to 11 per cent, after a period in the early summer when sterling M3 appeared to be growing at almost twice the target rate.

The recent easier money supply figures in the UK and in the U.S. has led to renewed discussion in the City of London about a further cut in interest rates. However, there seems to be no immediate prospect that the authorities will permit this.

The broadest measure of money supply, Private Sector Liquidity 2 (PSL2), which includes deposits with building societies, is estimated to have shown a small rise of ¼ per cent in the month.

These tight figures reflect the heavy volume of sales of government stock by the Bank of England during the month and a continued moderate rate of growth of commercial banks' lending to the private sector.

The Treasury announced that the Central Government Borrowing Requirement (CGBR) for September was £1.155bn, somewhat higher than expected by the City of London. This brought the total CGBR in the first six months of the financial year to £8.8bn, a 60 per cent increase over the figure at the same time last year.

A close comparison with last year's borrowing pattern cannot be made, partly because of the different way in which Petroleum Revenue Tax is now collected. However, the figures do seem to justify the belief that public-sector borrowing will overshoot its target by perhaps £1bn this year, even after the £1bn package of spending cuts and asset sales announced by the Treasury in July.

New technology pact sought by newspapers

PROVINCIAL NEWSPAPER proprietors have told print union leaders they want a "broad national enabling agreement" for the introduction of new technology in the industry.

The Newspaper Society, which represents regional and local newspaper publishers, has given unions its strategy in a campaign to enable the industry to make full use of available technology.

The society is arranging talks with all unions in the printing industry. A central issue at these will be single keystroking, which would give journalists and advertising staff access to newspapers' computer production systems. At present this is under the control of National Graphical Association print workers.

● ELSTREE STUDIOS in Hertfordshire, near London, have been sold to the BBC by Bentray Investment, the property subsidiary of Associated Communications Corporation. BBC is paying between £7m and £8m for the 15.8 acre site.

● MERMAID THEATRE in the City of London has been bought by Gomba Holdings UK, the trading, industrial and financial services group owned by Mr Abdul Shamji for £695,000. Gomba clinched the deal yesterday despite a last-minute attempt by a trade union consortium, headed by Mr Ray Buckton, leader of the train drivers' union Aslef, to make a counter-bid. Unions had hopes to develop the theatre as an arts and cultural centre.

● SHELL UK is threatened with widespread industrial action by many of the 4,300 craft and manual workers in its oil refineries over a "final" 4.5 per cent pay offer. Transport and General Workers Union shop stewards at the company's biggest refinery, Stanlow in Cheshire, are recommending an all-out strike to their 1,460 members at a mass meeting tonight.

Shell's negotiations set the pace at the start of the oil industry's autumn pay round. Unions say the company's offer is poor by comparison with the 5.2 per cent offered to miners and the 7.75 per cent accepted by Vauxhall car workers.

● GOLD DEALERS in the UK are to be offered a special accounting scheme by the Customs and Excise Department intended to reduce their exposure to VAT fraud by gold smugglers. Increasing awareness of the risk of gold fraud – thought to amount to about £100m a year – recently led members of the London Bullion Market to call a halt to public trading in gold coins.

The new scheme – to be detailed in a document to be published on November 1 – will allow gold dealers to pay VAT charges due on all gold purchases directly to the tax authority – instead of to the seller as they are currently forced to do.

At present, smugglers are able to profit by bringing untaxed gold into the UK and then selling this on to authorised dealers with the 15 per cent VAT charge built into the price. It is the seller of gold who is liable to pay VAT but the smugglers disappear with the VAT charge as their profit.

ENERGY REVIEW

Congo's ideology eroded by oil rush

By Quentin Peel, Africa Editor

THE EMERALD oil field lies just 12 miles off the coast of the Congo, no more than a 10-minute helicopter ride from the port of Pointe Noire.

Fourteen years ago, it was the first major offshore oil discovery in what was then an impoverished former French colony, whose main claim to fame was as the first self-proclaimed Marxist state in Africa. The country lived in the shadow of neighbouring Zaire, and eked out an existence from the exploitation of its tropical forests, and providing e transit stage for traffic to the interior.

When oil production began at Emerald in 1972, it started a process which has pushed per capita incomes in the Congo to the third highest level in black Africa, and has simultaneously eroded much of its ideological commitment. With only a slight hiccup in the mid-1970s, production has increased from a mere 6,800 barrels e day (b/d) in 1972 to more than 100,000 b/d today from six fields.

Yet ironically, Emerald itself has failed to live up to the riches which its name implied. With an estimated 600m tons of oil reserves in the field, it produced only 17m tons in its first 10 years of production, or less than 3 per cent. With current techniques, it may never yield more than 5 or 6 per cent—30m tons—of what otherwise would rank as a huge oil find.

Emerald's problem is one of extraction

In comparison, Congo's other principal fields can be expected to produce around 30 per cent of reserves, according to oil industry estimates: 9-10m tons out of en estimated 31m tons at Likouala in the south, 14-15m tons out of 45m at Loango in the north, and 25m-27m tons out of some 95m at the most recent major production field of Yanga-Sendji.

The problem at Emerald is thet the oil is thick and viscous —"just like butter," in the words of M Rodolphe Adada, the Minister of Energy—and lies et a relatively shallow depth of between 200 and 500 metres below the seabed. Water injection will not move it, because it simply moves past it, and gas injection has also failed.

Three months ago, Elf Congo —the major operator in the Congo, 20 per cent owned by the Government, and 80 per cent by Elf Aquitaine—started work on a major experiment to use steam injection to both push and "melt" the crude.

The principle of the experiment is to inject steam into the well to heat up the oil-bearing banks of silt, while et the same time injecting chemicals to assist in the extraction.

CRUDE OIL PRODUCTION 1971-83

Barrels a day (b/d)

1971	300
1972	6,800
1973	41,800
1974	49,500
1975	36,140
1976	40,400
1977	34,200
1978	48,840
1979	55,250
1980	64,190
1981	82,410
1982	92,000
1983*	100,500

* Forecast

FT estimates

The experiment is intended to last three years, and will cost some FFr 500m (£42m), involving the construction of two prototype platforms for the field. One will be e modified production platform, linked to the second, e utility platform which will support two major steam generating units and desalination plant to purify the sea-water before it can be used. The generators would be powered by associated gas produced from the field.

Laboratory experiments on the process have been very successful, according to Elf officials, but they admit that the field trials could prove very different. The field contains many geological faults, into which the injected steam might escape, and the oil-bearing silt is also much thicker—measuring up to several metres—than anything which could be used in the laboratory.

The actual steam injection should begin from June 1984, officials say, but they are cautious about forecasting any dramatic results. Whereas the laboratory experiments improved the extraction rate up to some 30 per cent, loss of steam and other problems could result in a field recovery rate of as little as 18 per cent, it is estimated.

A key factor in any future use of steam injection in the Emerald field will be the oil price, and an extraction rate of 18 per cent would not be economic, even if the price for Congolese crude rose to $35 a barrel, the officials say.

Both Elf and the Congolese Government are loath to express too much optimism about the outcome of the experiment, although the company has shown enough confidence to invest heavily in it, even at a time of international oil glut. On the one hand, their caution is undoubtedly e result of excessive expectations which were aroused by the oil finds of the early 1970s, when the Congolese government budgeted consistently for higher oil income than it eventually earned.

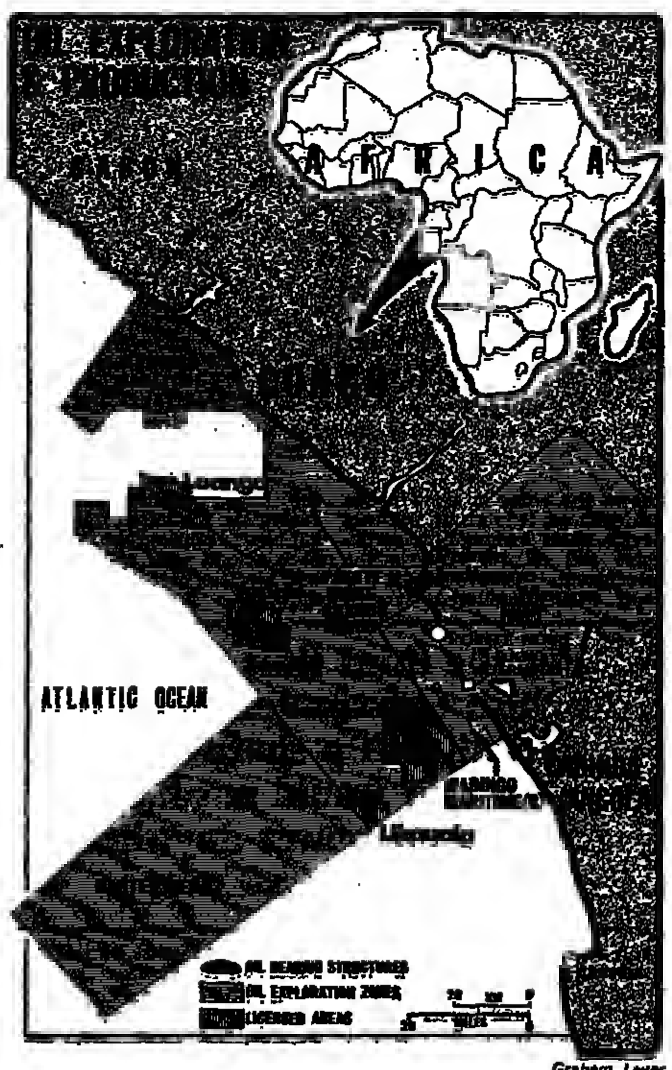
The result was an accumulation of chronic budget deficits, and a financial crisis which forced the Government to turn to the IMF and cut back its spending programmes.

On the other hand, the relative confidence in the Congo underlines the good relations which have, perhaps surprisingly, characterised negotiations between the Marxist government and the major international oil companies involved in the country.

Apart from Elf, the other major oil producer is Italy's Agip, but the Congo Government is keen to attract other companies into exploration. Elf-Congo has 100 per cent of the small onshore production from Pointe Indienne, and a dominant 65 per cent share (with Agip the minority partner) at Emerald, Loango West, Likouala and Yanga-Sendji. Agip has e 65 per cent participation and operates the Loango East field.

As far as exploration is concerned, several other operators have already come in. In the Marine 1 permit area north of the Loango field, Cities Service and Superior Oil have joined Hydrocongo, the state oil company. Coastal Congo Exploration has a major area onshore north of Pointe Indienne, which includes Ladd Petroleum and Agri-Petro. A consortium for deep sea exploration includes Getty, Phillips, Hispanoil and Agip.

"There is no conflict with the oil companies," M. Adada says. "We have been able to establish agreements with Elf, for example, which are sufficiently flexible to resolve all the problems which present themselves."



Graham Laver

The Government has been prepared to conclude both joint operating agreements involving Hydrocongo and the oil major, and the classic type of contract involving payment of royalties and tax by a company with mixed capital. "We never call for tenders," the Minister said. "We discuss directly with the companies concerned."

The Government has also proved pragmatic in its oil pricing and sales policy, undercutting the Opec price, and thereby managing to increase its production even in the current international climate.

The major markets for Congo's crude are the U.S., Brazil and Italy, and its has been sold for between $26 and $27 a barrel in recent months, at least $2 below the Saudi Arabian light crude marker price of $29. In normal circumstances, Saudi crude would fetch a lower price, because of the greater distance it has to travel to the same markets.

The drop in the oil price, however, has caused recent problems in relations between the oil companies and the Government. Taxation was based on an assumed price of $33 a barrel, whereas the selling price had fallen substantially below that level. Elf in particular has pressed for a flexible taxation formula which would allow for such price fluctuations. The Congo Government was equally keen to ensure that its tax receipts from oil—which represents almost 70 per cent of state revenues—did not fall too sharply.

In the event, a compromise solution was reached in June to reduce the assumed price to $29 a barrel, with e clause to adjust the level upwards automatically when the market price increased. The agreement also allows for periodic review meetings.

At its current production rate, Congo ranks fifth among oil producers in black Africa, e long way behind Nigeria, and slightly behind its immediate neighbours, Angola, Cameroon and Gabon. In world terms, it produces slightly more than Yugoslavia. However, with e population of less than 1.7m, the domestic effects of even that modest level of oil production are considerable.

Oil revenues provide by far the largest source of financing for the ambitious five-year development plan, which aims to spend between CFA Fr 1,720bn (£2.87bn) and CF Fr 1,950bn (£3.26bn) on investment projects between 1982-86.

The drop in the oil price has caused problems

The plan allows for substantial private sector investment, in spite of the official Marxist-Leninist ideology of the Government. For example, rather more than half the planned CFAFrs 388bn (£649m) spending on the "productive sector," including forestry, mining and manufacturing industry, is intended to come from outside Government.

The oil companies themselves have managed to remain largely aloof from the political debate within the country, but they are conscious of the need to be seen to reinvest in other areas of the economy.

The Congolese Government, however, remains realistic about its role. "Oil is essentially a source of revenue for us," said M Adada. "We are not a big producer. We will not disturb the market. We just need to produce a reasonable quantity to finance our development plan."

CONTRACTS

£40m street cleaning job in Saudi Arabia

Brengreen (Holdings) associate company, **AL-KHODARI ESTABLISHMENT**, has won a £40m three-year contract for refuse collection and street cleaning in the Dammam district in Saudi Arabia. The contract starts in March 1984.

*

HENRY BOOT BUILDING has been awarded two management contracts totalling £1.5m. Under a £800,000 contract, Henry Boot is to construct a warehouse and office complex for UniChem in Hinckley, Leicestershire. Within the 61 metres x 85 metres steel-framed distribution depot are part two-storey offices and secure stores. External paving, drainege, fencing and other works are included. The company is also to construct a specially insulated £100,000 cold store within existing premises in Wombourne, Staffordshire, for Everest Frozen Foods. The work is to be undertaken on a management contract basis.

*

A 1950s-built West End office block which saw service in 1982 as a military operations centre during the Falklands campaign is to undergo a complex £5.8m refurbishment under e contract awarded to **MANSELL** by the Co-operative Insurance Society. Work et Castlewood House, New Oxford Street, WC2, has started with completion due in lete 1984. Castlewood House has about 130,000 sq ft of floor space on eight floors above ground level, and two basement levels. Open plan office areas suitable for fitting-out to tenants' requirements will be formed by stripping out partitions, doors and skirting. Main circulation areas and toilets will be modernised, including enlargement of the entrance hall. A new brick-clad reinforced concrete escape stair and lift tower are required et the rear, while external cleaning and repair of the brickwork and stonework will be carried out. The roof will be up-graded. New electrical services and air conditioning will be installed by CWS Engineering, along with the renewal of plumbing, lighting, power and communications systems.

*

FAIRCLOUGH SCOTLAND has been ewarded the reconstruction of the despatch yard and remedial works to a warehouse for the Co-operative Wholesale Society et South Werdpark, Cumbernauld, worth almost £750,000. Other contracts awarded are worth almost £500,000 and include refurbishment of residential property in and around Glasgow, alterations to e nursery assessment centre at Wishaw and construction work for the UK Atomic Energy Authority at Dounreay. Fairclough Scotland is part of AMEC.

£10m work for London and Northern Group

LONDON AND NORTHERN GROUP has been awarded contracts worth £10m relating to construction, housebuilding and heavy earthmoving operations. C. A. Blackwell (Contracts) is carrying out the earthmoving on the M3 motorway, Popham to Barr End, Hampshire section, contracts one and two for Edmund Nuttall and John Mowlem and Co respectively and, on the M25 motorway, Wisley to Leatherhead section, for Fairclough Civil Engineering.

In the Midlands and South, E. Fletcher Builders (Midlands) has won contracts valued et £3.3m. At Meadow Park, Kingsway, Wollaston, it will build 80 homes designed for first-time buyers, the elderly and disabled persons in e joint venture with Dudley Metropolitan Borough in a £1.2m contract. In another contract, also worth £1.2m, Fletchers will build 76 homes in a low-cost joint venture at Muirhead Road, South Oxhey, for Three Rivers District Council. Fletchers will also build residential units for Kettering District Hospital in a £572,000 contract for Oxfordshire Regional Health Authority.

Further north, Wilsons (North East) of West Cornforth, County Durham has been ewarded two contracts worth £610,000 for revitalisation work on 98 houses at Tudhoe, County Durham. John Crossland, of Cleckheaton in Yorkshire, is to build e garage forecourt for Carr or Morley at Morley, near Leeds in a £130,000 contract and for £55,000 will put in a drainege system for Metrotect at Cleckheaton. W. and J. Taggart (NI) Ltd is to build 38 houses in e £1.2m contract for Property Services Agency at Lisburn. Border Engineering Contractors is to build extensions to the Roman Catholic Church at Silloth for Lancaster RC Diocesan Board and erect 14 flats in King Street, Aspatria, for Allerdale District Council in contracts worth £330,000.

THE ARTS

Has anybody ever complained about the novels of Molly Parkin standing alongside those of Boris Pasternak on the shelves of a public library? It sounds unlikely, and yet many members of the European middle-class intelligentsia seem to feel that it is to the eternal shame of television that its more highbrow material is closely hedged about with what they often call American "rubbish." The reason, no doubt, is that while you are unlikely to find yourself reading Molly Parkin by mistake it is all too easy to punch the wrong button and find yourself in the middle of *Hart To Hart* when you wanted *Marriage Of Figaro* as happened to some of us on Saturday.

The rage which American programmes cause among Europe's ostensibly thinking classes is remarkable. Speaking earlier this month at "Circom," the annual international broadcasters' conference connected with the Prix Italia broadcasting festival, Eckart Stein of the German company ZDF warned his colleagues about the supposed dangers in what he called the rush to wire Western Europe for cable television.

After giving a list of U.S./UK companies (including, incidentally, Goldcrest, the Financial Times' sister company within Pearson, Longman) which are hoping to run cable in Europe and/or the UK, Eckart declared: "My God, how exact the Americans are with their Food and Drugs Administration, but where is the warning on the pack of the Hollywood TV Cable Satellite Joint Venture Ltd: 'The Surgeon-General has determined that consumption of the stuff packed in the U.S. communication system is dangerous to your mind and soul '?"

His sentiments were echoed by several British speakers. But what is it that gives European broadcasters and especially the British such a superiority complex about American television, especially drama? Perhaps the answer is *Boys From The Blackstuff*, *Muck And Brass* and *Brideshead Revisited*. Certainly American television seems to have failed to produce a single series to compare with these in its entire history.

However, even Britain only manages one or two a year like that. Most of what is produced in this country and in Europe is nearer to being on a par with the U.S. output, yet you very rarely hear anybody in the business admit it. The common assumption is that we produce quality goods while they turn out rubbish, albeit popular rubbish. Individual taste is all that counts in the end, of course, yet there seems to be surprisingly little evidence to support this supercilious view.

Television/Chris Dunkley

A case of sour grapes

Francesca Annis and James Warwick in "Agatha Christie's 'The Secret Adversary'"

Compare and contrast *The Rockford Files* and Sunday's two-hour ITV drama special which, presumably for marketing purposes, went under the unwieldy title of *Agatha Christie's "The Secret Adversary."* Thanks to the vagaries of life in the age of the video recorder I happened to watch these one after the other, and there were some striking comparisons.

First the British programme looked more expensive. Indeed it shrieked of money, an impression which arrived even before the programme; the photos in the Press handout were by Lord Snowdon. In the programme itself vintage cars chased across the landscape, Francesca Annis modelled an entire collection of period costumes, goodness only knows what the Ritz charged London Weekend to film its interior, and of course the sheer length of the thing spoke of cash.

Watching it was rather like flipping through a 1920 Harrods catalogue except that the writing in the catalogue would presumably have been better. After all the years of burial under mounds of parody you cannot simply exhume lines such as "You little fool!" and "You're clever, I'll say that for you" and "I want supreme power!" and expect the public to take them straight-faced. The greatest drawback, however, was the plot. Whereas the costumes, sets, cars, trains, enamel advertisements, hairdos and locations were all wholly convincing the plot was wholly unconvincing. And not just in the way that all such thrillers tend to be unconvincing: it made no sense even in its own terms.

The equally dotty plot in *Rockford*, on the other hand, was a very nicely crafted piece of work; faced with confidence tricksters who sold merely the forecourt when pretending to sell a whole hotel, Rockford decided that mineral rights must be included in ownership of the forecourt and set about drilling for oil. The complications—his beautiful new associate turned out to be one of the tricksters, and the inhabitants of the hotel mostly Mafia—all worked very sweetly. Given that *Rockford* doubtless costs a fraction of the *Agatha Christie* I know which I would buy if I were a foreign television company.

It is quite possible of course, even probable, that broadcasting intellectuals would dismiss the *Christie* programme as readily as *Rockford* and for the same reason: that their very popularity hints at their worthlessness. Yet if there ever was justification for such snootiness it is now about 10 years out of date. Many of the American series so successfully exported all over the world are far from mindless rubbish.

The argument needs to be turned round: one of the reasons why middle and even lowbrow American programmes are so successful is because they manage to combine qualities which British and European broadcasters seem able to provide only separately. Far too often our own programme makers appear to believe that you can have either entertainment, relaxation and humour or you can have the problems and preoccupations of being human.

Either you have a laugh with *Blankety Blank* or you have your withers wrung by *20 20 Vision*. Either you indulge in the gormless time-passing "entertainment" of *Crossroads* or you confront a knotty social problem in *Play For Today*.

Contrary to the easy ridicule of the Eckart Steins, the great strength of so many American programmes is that they bring together these two aspects, entertainment and social concern, and deal with them in a way which holds the attention of an astonishingly broad cross section of the international public. This is true in comedies such as *MASH*, and *Cheers* just as much as in drama series such as *Lou Grant* and *Hill Street Blues*.

True they can be heavy handed and long winded. Last week *Taxi* occupied an entire episode with the efforts of Latka, an immigrant with a piping voice, to become the all-American-guy, the point being that when he succeeded his colleagues all rejected him: they wanted him to stay the familiar funny little foreigner. It was overlong, but it did deal with a problem all too familiar to many working groups, and it was funny.

The same can be said of *Barney Miller*. The liberal sentiments in this police station are sometimes heaped up with a trowel, but at least social realities play an integral part (as they did once upon a time in such seminal British series as *Steptoe And Son* and *Till Death Us Do Part*) amid the gags. The same can hardly be said of Britain's own current comedies which are mostly boringly familiar servants of old formulae.

Naturally not all the American series which come our way are fresh and different. *The A-Team* is merely the Robin Hood/Magnificent Seven gang of wronged-desperadoes-turned-mercenaries all over again, and *Remington Steele* involves an infinitesimally small variation on the detective series theme. However The A-Team is vastly more entertaining than Britain's own *Dark Side Of The Sun* (for example) and I would much rather relax in front of the wisecracking *Remington Steele* than (for instance) *The Gentle Touch*.

When you actually compare the content rather than the received reputations of their series and ours it is difficult to avoid the suspicion that all the talk about "rubbish" and "danger to the mind and soul" is caused mainly by the taste of sour grapes.

★

Incidentally, 10 or even two years ago no viewer would have had any doubt about identifying the protagonists if you had described an evening's schedules in which one channel was showing the whole of the National Theatre's *Oresteia* (reviewed here on Monday), its more popular sister channel was showing a new twenties costume drama, and the opposition for lack of any better idea was merely throwing in its umpteenth screening of *Gone With The Wind* as a spoiling operation. It lends interesting weight to ITV's recent claims to being a "public service" broadcaster that it was not BBC 2 but Channel 4 which showed *The Oresteia* on Sunday, not BBC-1 but ITV which mounted the Agatha Christie, and not ITV but BBC-1 which descended to the spoiling operation.

Die Fledermaus/Grand Theatre, Leeds

Arthur Jacobs

It has not been the smoothest run-up to next Saturday's unveiling at Leeds of Wilfred Joseph's new opera, *Rebecca*. Pressure on the schedule of rehearsals has led Opera North to cancel two other performances this week, and an accident on stage over the weekend caused Monday's performance of *Die Fledermaus* to be presented with an apology for the inadequate scenery.

No excuses, however, could cover the desperation of the dialogue, the stilted gestures, the miscalculations of pace, and the shabby, vulgar ballet. For a performance in English, the importation of an Austrian producer, Hans Hellmann, remains as incomprehensible as the participation of a Swedish tenor too old for Eisenstein: Jenny Blanc's voice is robust, but the manner is clumsier than anyone else's, which is saying a lot.

The sole element of star quality is in the Falke of Stephen Roberts, a baritone better known in concerts than in opera but with a handsome presence to match his voice. Marilyn de Blieck, winner of a Benson and Hedges prize four years ago, makes a very good Orlofsky in the traditional mode.

For the rest, the cast for this Johann Strauss operetta is like an assembly of decent ingredients inexpertly mixed and only half cooked. Oh for the remembered directorial fizz of Wendy Toye, for the delicate double-takes and comic dancing of Eric Shilling! Oh for the wit and elegance of Christopher Hassall's lyrics, displaced here by the deadening translation of David Pountney and Leonard Hancock! Pausing only to compliment Clive Timms as conductor, I slink from the theatre reflecting that I have never enjoyed a Fledermaus so little.

Fly Away Home/Lyric Studio

Martin Hoyle

William Humble's first full-length play follows several years of television work. This explains both the fluent dialogue and the confident flexibility in his record of a bumpy marriage.

Flexibility, that is, of time and place. Tim begins his narration to the audience to be gently heckled by Anna. Throughout the play characters barrack, interrupt or join others' scenes: we switch smoothly from stifling suburban affluence to the aggressive squalor of a drop-out's Acton flat, from past to present and back: flashback, dissolve and superimposition exercise a liberating effect.

The couple's ultimate acknowledgement of theatrical form and audience, and the final note of domestic tragedy, fleetingly recall Peter Nicholls's *Joe Egg*. But the bitterness that underlies a more consciously flip conversational style (Mr Humble should relax: his dialogue is good enough without the occasional sense of straining after constant repartee) belongs to a later, gloomier era.

There is no more brilliantly off-hand naturalistic actor than Hywel Bennett; nobody who tosses away his lines as if new minted. The casual self-mockery and almost resentful articulateness are familiar from his *Shelley* on TV, as is his ability to express incredulous disgust with the roll of a baleful eye. Here, as narrator, he moves in and out of the action, faultlessly judging the balance between involvement and detachment.

As his wife, as obsessed with child-bearing as he is horrified by its responsibilities, Diana Quick's steely will beneath the cosiness is never more apparent than when it snaps. When she sobbingly explains her need for children by him, acting and writing touch a nerve that transmits the authentic ache between two people tied to each other but unable to get closer than bewildered cross-purposes.

Tim Woodward's beautifully gauged study of beaming domesticity verging on the fatuous never topples into exaggeration. Roger Lloyd Pack's evil genius, the perpetually snarling radical, is more of a stereotype.

Occasionally the wordiness suggests a dramatised novel, and middle-class London angst is a familiar theme; but the writing is immensely promising, and in Peter James's production the acting is considerably more.

Holloway's Idyll/Festival Hall

Dominic Gill

The trouble with any romantic idyll is that it so easily turns to rambling corn—and in these pitiless and deeply unromantic latter years of the 20th century, alien corn at that. Robin Holloway's affaire with romanticism — "flirtation" would sound undeservedly casual — has had its grandeurs as well as some notable falls from grace: the *Romanze* of 1978 and the Second Concerto for Orchestra of 1979, to mention only two examples, were fascinating essays, flawed, but ripe with promise. At his most concentrated and vivacious, Holloway achieves a musical working and a tone of voice both original and persuasive: a quirky, lushly excitable eloquence.

At one hearing, his latest work, a *Second Idyll* for small orchestra, given its premiere by the English Chamber Orchestra under Charles Mackerras on Monday, seems to contain more corn than quirk, more sugar-candy than tough fibre. It is shot through with familiar rhythmic niceties (Holloway has a gift for simple rhythmic surprise); but its propositions, and its sound-world, are as precious and self-consciously mannered as the English—"shews," "shewn" and "thru-out"—of the score directions. There are some elaborate spatial rearrangements during the performance (instrumental groups moved from back to front and back again) which make no perceptible musical, or music-theatrical, point. The final chords, a screech of A major thrice repeated after a page or their impressive preparation, were stunningly bathetic: three giant sugar bunnies on the Christmas cake.

Mackerras devoted the rest of his programme (the *Second Idyll* lasts about 20 minutes) to a Rossini overture, Beethoven's fourth symphony, and with Gidon Kremer and Kim Kashkashian to Mozart's E flat Sinfonia Concertante—of this last, a performance that sounded insufficiently rehearsed but glowed nonetheless with inner light (Kremer mercurial, volatile, urgently lyrical, Miss Kashkashian less delicately nuanced, but forthright and warm).

Saleroom

Antony Thorncroft

The work of Archibald Thorburn (1860-1935), recognised as one of the outstanding illustrators of animals and in particular the birds of western Europe, was among the high flyers in Christie's sale yesterday of English drawings and watercolours. *A Woodcock in the Snow* signed and dated 1924 realised £10,800 to a private collector while *The Morning Call of 1911* realised £8,100 to Richard Green the London dealer.

Anita George, the London dealer, paid £10,260 for a smog shrouded view of Westminster by Albert Goodwin, signed, inscribed and dated 1915. *Near Haslemere* by Helen Allingham, depicting a mother standing in the gateway of her Surrey cottage with a child in her arms made £6,480 to a private collector. The sale totalled £138,591.

The morning session of a sale devoted to ancient English and Foreign coins totalled £100,769.

A very rare Mughal millefleurs carpet of the early 18th century from north India will be sold at Sotheby's on October 19. It is expected to fetch up to £200,000 and can be viewed by the public this Sunday as well as during the normal pre-sale view.

Also in the sale are two previously unrecorded Mughal miniatures from a royal album of the 17th century. They were brought to Sotheby's front counter and identified and valued at around £30,000 for the pair.

Phillips has bought another provincial saleroom — R. B. Taylor and Sons in Sherborne, bringing its chain up to 16. Sherborne will become a branch of the Bath operation with sales every two weeks. Phillips has also opened a newly built saleroom to increase the auction capacity at its branch in Knowle, West Midlands.

Spike in the First World War

B. A. Young

Not "Gunner Who?" Milligan, but an Irish adaptation of The Good Soldier Svejk, commonly spelt Schweik. Hasek's immortal novel has a fatal attraction for lesser writers like Brecht and Jim Sheridan, who believe they can create a Svejk of their own to reflect views familiar to their home audiences.

Jim Sheridan, who directs his own version for the 7:84 Company, has Spike as a Dublin layabout recalled to the colours in 1914 and anxious to avoid service by any trick he can work. He decides on rheumatism, but finds himself in a lunatic asylum. Not for long; he is soon back in the Dublin Fusiliers, though he deserts at once, is arrested and shipped off to his battalion.

Most of the second half of the evening is rough fun about life at the front, with a tearful officer (wearing red Staff tabs for some reason); a colonel with a dog that eats only veal chops; a comic sergeant major and a comic cook.

The author's total ignorance of military detail no doubt does him what he would regard as credit, but makes the military scenes pretty unconvincing. A spy motive that began in the early scenes drops out, so the scenes of Spike being interrogated in Moscow seven years after the war is finished don't make much sense.

Well, none of it makes much sense really. Irish jokes always sound better spoken in Irish accents, and five of the seven members of the company are Dubliners, but I can't say I actually fell off my seat laughing. They play their multiple roles on the stage of the Shaftesbury Hall with energy at any rate. All the same, I was hardly persuaded that Irish politics was ideal fodder for the Cheltenham Festival of Literature.

Obituary/Sir Ralph Richardson

Sir Ralph Richardson died on Monday at the King Edward VII Hospital in London. He was 80. His wife, Meriel Forbes was at his bedside when he died.

A hospital spokesman said Sir Ralph, who died peacefully, was admitted to the Marylebone hospital a week ago with digestive problems. He had been appearing in *Inner Voices* at the National Theatre until his illness impelled him to withdraw.

Ralph Richardson was born in Cheltenham in 1902, but left it four years later when his parents separated. His first artistic efforts were made at the Brighton School of Art but he was "too lazy to be a painter" in his own judgment and he paid a small premium to work as an actor with a local company in Brighton, making his first professional appearance as Malvolio in 1921.

He joined the Birmingham Rep in 1925 and by the mid-1930s was already an established leading man, with seasons at the Old Vic and Malvern Festival under his belt, including successes like *Bees on the Boatdeck* and *The Amazing Dr Clitterhouse*.

He served in the RNVR from 1939 to 1944, being released that year to be joint director of the Old Vic with Laurence Olivier and John Burrell. He gave notable performances of Peer Gynt and Falstaff, and in July 1948 was abruptly relieved of his appointment by Lord Esher when the Old Vic was scheduled to become the potential National Theatre.

He then played a miscellany of parts in new plays as well as classics; most memorably in *Home* with John Gielgud, a duo that was revived after he had returned to the National Theatre in *No Man's Land*.

The briskness of his earlier playing had by then sometimes given way to a controlled vagueness (though there was briskness still available — he rode his great motorcycle until he was 80!). He was a man universally loved as much as he was admired, and a man who loved mankind. He was knighted in 1947.

B.A.Y.

Arts Diary

The Royal Shakespeare Company this week embarked on a pioneering three-month tour of the byways, rather than the usual theatre highways, of England and Northern Ireland.

Sports centres and schools will provide the setting for three productions by an 18-strong company led by Sheila Hancock. The only theatre venues are the Spa in Bridlington and Margate Winter Gardens, more usually host to end-of-pier comics and popular entertainers.

In addition to the productions of *A Midsummer's Night Dream*, *Romeo and Juliet* and Edward Bond's *Derek*, the company plans a series of school workshops based on Shakespeare plays.

Tickets for the tour, which is sponsored by National Westminster Bank, have been selling fast in the 22 towns and villages. The sole note of dissent was struck, or rather penned, by a disgruntled teenager. "Your play means we can't have our football practice," he (though one never can tell in these fast-changing times) complained.

★

Struggling young musicians received an unlikely accolade this week—for their credit-worthiness. All 46 beneficiaries of the Loan Fund for Musical Instruments were congratulated by Lord Roll, chairman of the appeal committee, for keeping up their loan repayments.

The loans, ranging from less than £1,000 to £15,000 for instruments from Cor Anglais to Fortepiano and Harpsichord, are made on a five-year basis with monthly repayments.

The fund was established three years ago in response to the worsening financial position of young musicians, the steep increase in the cost of instruments and the loss to overseas buyers of many fine old British instruments.

★

Next year's Edinburgh Festival is to begin one week earlier. Following the drop in box office takings because of the departure of international audiences by the end of August the Festival Council has decided that the 1984 Festival will run from August 12 to September 1 instead of the previously agreed dates of August 19 to September 8.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

October 7–13

Theatre

LONDON

The Tempest (Barbican): Derek Jacobi takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives a performance that is technically accomplished and imaginatively adventurous. An entertaining production. (628 8795)

Tales from Hollywood (Lyttelton): New Christopher Hampton play about the European emigres working in Tinseltown during the war. Intelligent, witty and pertinent play about the artist in exile, with Michael Gambon as the lugubriously resurrected Odon von Horvath and Ian McDiarmid a predatory, very funny Brecht. (928 2252)

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660-4143).

A Patriot For Me (Haymarket): Alan Bates leads a wonderful revival of John Osborne's masterful play about sexual and conspiratorial intrigue in the Austro-Hungarian empire. A rich tapestry, with a famous drag ball scene at the centre. (930 9832)

Great and Small (Vaudeville): Glenda Jackson in top form as an urban lady on the brink. Keith Hack's production is very fine, and London has done full justice to Botho Strauss, one of West Germany's leading young playwrights. Pessimistic material but a highly refreshing, and above all different, sort of evening. (836 9988).

Song and Dance (Palace): Surprise hit at the Palace, newly acquired by the show's composer Andrew Lloyd Webber. Wayne Sleep. Graham Fletcher dances. Overblown middlebrow stuff. (437 6834).

Blood Brothers (Lyric): Strong rock melodrama by Willy Russell about Liverpool twins separated at birth. Pop star Barbara Dickson, very like a young Gracie Fields, is superb as their grief-wracked mother. (437 3686).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

The Pirates of Penzance (Drury Lane): Riotously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. (836 8108).

NEW YORK

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaité Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

'Night Mother (Golden): Marsha Norman's harrowing drama of a young woman's last hours before committing suicide in her mother's home makes for the intellectuals' form of sensationalism, with powerful acting by Kathy Bates and Anne Pitoniak, directed by Tom Moore. (239 6200).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-bedecked and elegant National Theatre production of Mozart's life. (247 0472).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transformed stage in this lavish recreation of the London hit. (239 6262).

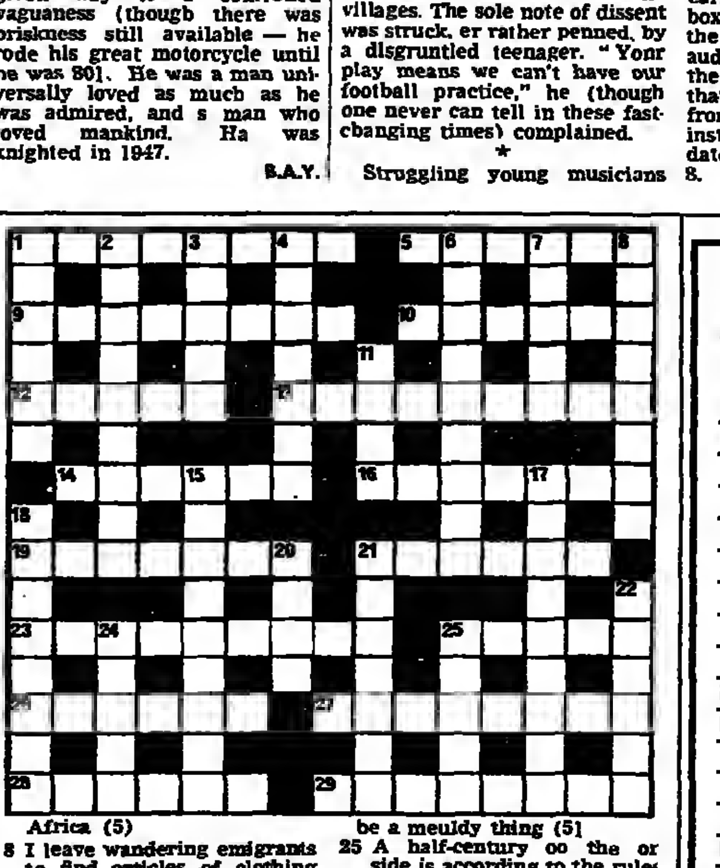
WASHINGTON

The Golden Age (Eisenhower): A. R. Gurney has built a swift reputation for a career of taking a gentle but not uncritical look at the White Anglo-Saxon Protestants who set the tone of American gentility without always subscribing to its precepts themselves. (254 3670).

Troilus and Cressida (Folger): season opener in the company's own Globe Theatre is by their "resident playwright" exploring infidelity and romance against a Trojan War backdrop. (546 4000).

The Importance of Being Earnest (Arena Stage): with Richard Bauer as Lady Bracknell, Tom Hewitt as Jack Worthing and Marilyn Caskey as Gwendolyn, the Arena Stage gets an exuberant start to a season that will include two contemporary British plays, Simon Gray's Quartermaine's Terms and Caryl Churchill's Cloud 9, as well as Christopher Durang's Beyond Therapy and Chekhov's Three Sisters. Ends Nov 13. 6th & Maine SW (488 3300).

F.T. CROSSWORD PUZZLE No. 5,240



ACROSS

1 Hire-tent collapsed — how unlucky! (8)
5 Funny face? Enough to make Dickens' illustrator go back (6)
9 Sideways walks in corridors? (8)
10 Fish's line marked on map? (6)
12 As far as one can go on motorway, illuminated all round (5)
13 Heretic distribution of beer? What is the thinking behind that? (9)
14 Kind of envelope from Oriel, perhaps (6)
18 Bang on head? (7)
19 Coin tossed in French take —not uttering cash (7)
21 Nimbused silver, possibly (6)
23 Stern to bow? (9)
25 General church-doctor once (5)
26 Jack's devil finds booty in Civil Service (6)
27 Cyclist's protection against villiers? (8)
28 "Black Beauty" for example —young horse in extremes of equestrianism (8)
29 Unfolded manoeuvre in exploit (6)

DOWN

1 Booze very quietly in top-hat (6)
2 One who cannot get off in masonic circles (9)
3 Leaflet closely followed, we hear (5)
4 Supra-orbital arch that can be painted (7)
6 O, this rain! Dispel it! (Herodotus?) (9)
7 Some graze brazenly in Africa (5)
8 I leave wandering emigrants to find articles of clothing (8)
11 State of a bowler coming up after sort of turn (4)
15 Bridge-building etc? It's trendy, after a fashion (9)
17 It does not mark any recent development (9)
18 "Merrythought" arranged for shortened keyboard about class (8)
20 Punchinello's central feature (4)
21 Leaves for the Plate? (7)
22 Scolded? Keep out of sight among diplomats (6)
24 Book, in some circles, can be a mouldy thing (5)
25 A character, by the or side is according to the rules of the game (5)

Solution to Puzzle No. 5,239

FINANCIAL TIMES
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Wednesday October 12 1983

Stock market and the Bank

THE PROPOSALS to reform the London Stock Exchange have safely cleared the first hurdle, with the approval by members yesterday of constitutional changes allowing outsiders to bold seats on the Exchange's ruling Council.

Legislation can now go ahead to free the Stock Exchange from tha clutches of the Restrictive Practices Court, and discussions can get under way to fulfil other commitments, notably the Council's agreement to phase out fixed scales of commission.

Internal dissent

But the Council cannot afford entiraty to ignore the rumblings of internal dissent among tha mambarship of tha Stock Exchange. A substantial number of mambers feel that the affair has heen badly handled, although tha opposition could not ha properly focused upon tha particular resolutions being voted on yesterday.

It would be better, perhaps, if tha mamhership had greater opportunity to speak directly on such more centralty relavant issues as tha timatabla for dismantling the commission scale. Sir Nicholas Goodison, tha Stock Exchange's chairman, has turned down several requests for refarenda, with tha argument that authority must stay with the Council.

Yat tha dabate over who really bolds sway over the Stock Exchanga is tikely to remain active. Nominally the Stock Exchange is a self-regnlating body—and perhaps the most powerful example of one in tha financial markets. In many respects, its performanca has been impressive. But the climate is shifting. For the first tima, the Stock Exchange has submitted to formal monitoring procedures by the Bank of England and the Department of Trada and Industry. The membersbip has not yet been given a claar explanation of what this maans—neltber has the much broader hody of users of the markat, both direct and indirect.

In the past, tha Bank of England has been an active supporter of self-regulation, as opposed to the statutory procedures favoured by the Department of Trade and Industry in controlling insurance companies or unit trusts. For example, the Bank has supported the development of the takeover panel, and the creation of the Council for the Securities Industry — designed as an umbrella body to belp stave off political pressures for the formation of a statutorily-based Securities Commission.

In a different political climate, however, the Bank appears now to have tired of tha CSI, which has certainly been disappointing in its impact. In seeking reform at the Stock Exchange the Bank has brusbed the CSI aside—much to that body's chagrin—and has sought to flex its own muscles directly.

As at Lloyd's of London, the insurance market, the Bank is adopting a role at the Stock Exchange which is hased naithar upon statuta nor primarily upon salf-regulation. At present, tha only hasis for tha Bank's rola at the Stock Exchange is that its formal right of veto of lay memhers of tha Council is heing written into the Exchange's deed of settlement. Otherwise, there is only the implied threat of legislation should tha Exchange fail to cooperate.

In fact this Government is tha least likely of any in recent history to contemplate lagislation in this field. This may ba wby the Bank feels confident of baing ahle to expand its own influence. But it is a strategy which could go badly wrong under a difarent kind of Goverment—even a Conservative ona.

Temporary powers

Tha way ahead lies in strengthening self-regulation, not in hlurring it, and if ever there was a politically correct time to refine a self-regulatory mechanism, this is it. The Bank sbould resist the temptation to seek a permanent monitoring role, but sbould think in terms of only temporary powers during a strictly transitional period.

The objective sbonld be to bring about the formation of a streamlined Stock Exchange Council, with strong outside representation, capable of more rapid response to public interest requirements. Only by such means could a self-regulatory framework be sustained in the long term in a market which is central to the City of London's financial prosperity.

The crunch comes for Israel

THE ISRAELIS themselves have ended their own suspension of economic disbelief. By selling the shares of banks on tha Tal Aviv stock exchange and by fleeing from tha shakel into the U.S. dollar they have made inavitabla the economic measures which political debate naver brought about. Tha shekel has heen substantially davalued. The price of basic commodities has heen raised by reducing subsidies. And the Government is determinad that this tima tha resulting impact on the cost of living will not be swallowed up in the indexation of wagas to inflation.

Political vacuum

Storm clouds hava been gathering over Israel's economy for most of this year. Tha Governmant's artificial support of the shekel exchange rate produced no improvement in tha inflation rate of 130 per cent, hut causad a worrying deterioration in the balance of payments and increase in Israel's short-term debt. The pay strike by the doctors damagad tha consensus over waga indexation whleh protected Israel's lahour force from inflation for so long. The IMF subjected Israel's economy to cool scrutiny and concluded that thare was a pressing need for public spending cuts, for devaluation and for the sort of austerity measures which tha Government has now been driven to.

Israalis have lived with such storm clouds for some tima. Tha unreality of shekel prices becama a fact of life, as did tha economy's uttar dependenec upon flows of concessionary finance from abroad. But their trust in the viability of their economy bas been shaken since September by the political vacuum taft by the departure of Prime Minister Begin. The economic atatistics continuad to deteriorate but there was no Government in place to curb public spending or to tackle private consumption.

Indeed, this crisis in Israel's economic management marks a snapping of the economic iliusions that Mr Begin's policies sustained. Israel's deteriorating economic position was masked by dramatic policy initiatives at home and abroad. The invasion of Lebanon—at a financial cost of $1bn, the settlement of tha West Bank—at an annual cost of $0.5bn, and the intense international debate provoked by these initiatives distracted attention from the underlying reality.

The most worrying aspect of this reality is the widening of the Israali current account deficit from $4.9bn in 1982 to an estimated $5.5bn in 1983, with further deterioration predicted thereafter. This is throwing an increasing strain on Israel's external finances because the country is having to supplement its establisbed flow of funds from U.S. grants and loans, and from sales of Israel bonds, with a mounting quantity of expensive short-term daht.

After a period when their private consumption was allowed to outstrip production and when such consumption could be directed abroad through an artificially sustained exchange rate, Israalis are now being forced to face up to the economic cost of Mr Begin's legacy.

Tha most immediata challenge for tha new Prima Ministar, Mr Yitzhak Shamir, is to genarate the consensus naeded to do this. In achieving this goal he will bave to hreak down a pervasive hackground sentiment that, bowaver bad Israel's external finances, the U.S. will coma up with tha hard currency that is needed to reconcile consumption with output. Ha will have to impose austerity without driving the best and the brightest out of the country. Ha will have to impose spending cuts without losing those parts of his fragila coalition that strongly support the sattlemant of the West Bank and the need for the military strength developed under Mr Begin.

Economic illusions

The key test of this consensus will he Mr Shamir's ability to persuade the Israell trade union movamant to accept a daindexation of wages from the price rises he is now engineering. A gradual dismantling of tbis system of indexation is vital if some sense of non-inflationary reality is to he restored to Israel's financial system. Much has been written about Israel's ability to "live with inflation." In truth this inflation bas had the same affect on Israel that it has had everywhere else: it blunts the ability of the price mechanism to allocate resources, it destroys the competivity of industry, and it allows economic illusions to be fostered wbich must ultimaleiy be unwound through crisis.

Graham Lever

The lurking threat to Reagan's recovery

Anatole Kaletsky reports from Washington on the state of the U.S. economy

ELECTION years have a way of throwing up surprises. Now that the U.S. Gross National Product has swept past its pre-recession peak and President Ronald Reagan is confounding his crtitics, from Detroit to Downing Street, by pointing to a genuine economic "expansion" instaad of a mere "recovery," an unexpected threat is becoming dimly discernible on tha horizon.

Inflation—or the fear of inflation—could be back by this time next year as economic public enemy number one. And President Reagan may need some new policies to satisfy not only voters, but also investors, about his ability to fight inflation, if ha wants to win re-election next year.

The dangar of inflation may seem far behind us, with tha latest consumer price index, for August, showing only 2.5 per cent inflation over the past year, with reports still coming in of trade union "give backs" of contracted wage increases to hard-pressed employers and with average unit labour costs only 3.3 per cent above last year's level.

But technical monetarists have been prophesying a resurgance of inflation since late last year when the Federal Reserve Board's Open Market Committee voted to relax monetary policy. The narrow money supply has grown at an unprecedented annual rate of 14 per cent sinca than and tha fundamentalist monetarists on tha so-called "shadow Open Market Committee" declared mournfully last month that inflation of 7 to 9 per cent was now more or less inevitabla by the end of next year as a result. For these fundamentalists, the Fed's excuse that monetary growth was largely due to changes in hank regulation does not cut mucb ice. To reinforce their point, they recall that the monatarist models were almost alone last winter in predicting, correctly, that the economy would grow by about 6 per cent in 1983.

For those wbo are not of the monetarist persuasion, a different, more complex, set of economic and political leading indicators is giving cause for concern.

Uniformly favourable statistics on both growth and inflation, combined with the start of the election season, bave lulled the Reagan Administration into a sense of security.

The White House top brass have actually told their subordinates that the President is "bored" with hearing complaints about $200bn budget deficits. And Mr Reagan does not even bother to send bis speeches on fiscal policy for comment to Mr Martin Feldstein, chairman of the Council of Economic Advisers and in theory the top economist in the White House, who has become a lone voice in the Administration calling for lowar deficits and higher taxes.

It appears that the many friendly critics of Reaganomics, from Mr Feldstein to Mrs Margaret Thatcher, the British Prime Minister, have lost all their credibility with President Reagan by "crying wolf" about tha deficits for tha past two years. These fiscal conservatives were so preoccupied with their battles against tha interventionist proponents of damand management and economic "fine tuning," that they ignored the classic Keynesian lesson about budget deficits: a deficit will generally tend to pull an economy ont of recession, although recovery may be thwarted by tight money, high interest rates and an overvalued exchange rate. Now, as the economic cycle moves beyond the recession phase and the calls for fiscal prodence become more apt, tha conservatives are being ignored in their turn.

There is, meanwhile, growing concern that Mr Reagan may bave no intention of reducing deficits—even after the 1984 alection—if that means raising taxes. This is the fundamental reason for the fears of inflation whicb are again building up in Wall Street and the voluma of analytical comment suddenly heing devoted to inflation.

Nobody seriously believes any longer that inflation may soon be eliminated altogether. For instance, Wharton Econometrics recently described the outlook for inflation as "extraordinarily favourable" wben it was predicting a rise from 3.2 per cent this year to 5 per cent in 1984 and 6.1 per cent in 1983.

The bond market, too, has been showing signs of worry. Bond yields this summer rose substantially more than short-term interest rates. This indicated that "bond markets were becoming much more skittish about inflation," one investment firm, Evans Economics observes. Confirming the same view, stock prices are showing signs of detaching themselves from bond market movements and continuing to rise even on days when bonds hesitate.

Some analysts beliave that stocks are coming back into favour as bedges against inflation. At the very least the market's behaviour suggests that a period of "profit-push" inflation lies ahead. This would presumably be followed by rising wage settlements, wbich tend to *follow* inflationary trends, rather than lead them, in an economy which is moving gradually ont of recession.

Now, all these indicators of renewed inflation are still very tentativa and coold in principla he reversed in the year or two ahead. Even with the fiscal stimulus of budget deficits as high as the $130-200hn range, and even if the Fed follows a fairly open-handed monetary policy, it would take several years of rapid growth for the U.S. economy to hit the sort of serioos labour market and supply bottlenecks which were largely responsible for the great inflation which began in the late 1960s with the deficit financing of the Vietnam war. This, indeed, is ooe of the reasons wby the Reagan Administration is so sanguine about current economic prospects.

But there is another, more immediate prohlem — next year the market's fears of inflation will be a greater threat than inflation itself to both President Reagan and the U.S. economy.

If these fears lead to higher interest rates, as next year's election campaign gets under way, they could tempt the Fed to loosen the monetary reins further, whether in response to pressure from the White House or from the struggling debtor countries in the developing world. This would in turn arouse further fears of inflation. Alternatively they could hurt Mr Reagan in the opinion polls, aggravating the political nncertainty — in sbort, a potential vicious circle of financial and political jitters.

This whole cycle would become considerably more plausible if the slide in the dollar which began last month turns into the long-awaited major decline. Indeed a sharp fall in the dollar is probably the most important single factor which could drive U.S. inflation well above the 5 per cent expected by most economists for next year.

In the past few weeks, as the time for President Reagan to announce his expected re-election bid approaches, some of the more sophisticated thinkers in the Republican Party have started thinking about this "scary scenario" in which the deficits and inflation re-emerge as a major political issue.

At the very least they believe the President needs some "insurance" in the form of some new ideas, compatible with his fundamental ideological convictions against income tax increases, which he could bring out if such a crisis of confidence occurred. A number of these, ranging from largely rhetorical proposals to ambitious and elaborate fiscal reforms, are now under discussion among Republican politicians.

To begin with the rhetoric, Mr Reagan is likely to call again for a constitutional amendment requiring the Federal government to maintain a balanced budget. This idea would be so obviously unrealistic for a President who had run the biggest deficits in U.S. history, tbat it would almost certainly disappear rapidly as a serious issue in the campaign.

A return to the gold standard is another far-fetched proposal which could re-emerga in Mr Reagan's campaign. This is an idea which has always appealed to the President intuitively and one which he has personally studied at length.

With traditional conservative economists and even monetarists now out of favour, the main source of economic inspiration for the White House comes from "supply siders" like Mr Reagan's old friends, Professor Arthur Laffer and Congressman Jack Kemp.

The supply siders have long maintained that tax cuts are only half their prescription. Ideally, the currency must also be protected against inflation by returning it to the gold standard. Because it would kill inflationary expectations once and for all, a gold standard would make high interest rates unnecessary and guarantee that budget deficits could not cause inflation.

Index-linked bonds, similar to those introduced by Mrs Thatcher in Britain, are under very preliminary review by the Treasury. The Administration has not yet considered this concept seriously and most people believe that President Reagan would instinctively oppose it. But Mrs Thatcher disliked index-linking initially too, until she reflected on the attractions of slashing the debt service element of the budget and the possibility of precipitating a decline in long-term interest rates by pulling the Treasury out of the long-term fixed-interest bond market.

Finally, and most importantly, there is the idea of reducing deficits through tax reforms, instead of tax increases. The ideas on tax reform are as numerous as the glaring deficiencies of the current U.S. income tax, which along with the social security tax contributes 79 per cent of the Federal Government's revenues.

The simplest possible "tax reform" would be the introduction of a Federal sales, value added tax or energy tax, to raise more revenue and possibly shift some of the burden of Federal Government away from individual incomes. The U.S. Government currently receives only 8 per cent of its income from indirect taxes, against roughly 20-30 per cent in most industrialised countries.

There are, however, some much more exciting alternative tax ideas. The most revolutionary, strongly favoured and elaborated in detail by Mr Feldstein, among other economists with influence in the Reagan Administration, is a "personal expenditure tax." This would be levied on each citizen's total receipts, from wages, capital income or asset sales, but would exclude all income which goes into saving instead of consumption. It thus creates strong incentives to save and invest, but can be made progressive, like income tax, so that people who spend more each year pay higher tax rates than those who are poorer or more frugal.

Mr Feldstein believes that such a tax should ultimately replace income tax altogether. This is scarcely conceivable in view of the administrative complexity and the difficulty of making an expenditure tax as progressive as income tax. However, a modest experiment in expenditure taxation at the top income levels, perhaps in return for a further reduction in the top tax brackets, is a possibility which some in the Reagan Administration find exciting.

The other novel proposal for tax reform has come from a Democrat, Senator Bill Bradley. The idea is simply to eliminate the roughly 102 special exemptions and deductions availablo to U.S. income taxpayers, abolish the special treatment of capital gains and radically simplify corporate tax allowances. In exchange for losing these loopholes 80 per cent of U.S. taxpayers would find their marginal tax rates reduced to 14 per cent, the maximum marginal tax rate would be cut from 50 per cent to 30 per cent, and 70 per cent of taxpayers would pay less than under current law, at the expense of the other 30 per cent who currently exploit the system to the full.

This proposal is in principle highly attractive to many Republicans, including the supply siders, who believe that reducing top marginal tax rates is of paramount importance. But unfortunately for Mr Reagan, if he does decide to back tax reform as a solution to the budget deficit problem, the Bradley reform has already been endorsed by Mr Walter Mondale and several other aspiring Democratic candidates for President.

In fact there will be no better way for the Democrats to wrong-foot Mr Reagan in the campaign than to make a major issue of tax reform. For incumbent Presidents are supposed to decide the agenda of an election campaign. "You can't get caught just reacting to anybody or picking up their political leavings," as one top Republican politician puts it.

But with the deficits looming, inflation creeping up and the markets growing nervous, Mr Reagan may have no choice by this time next year.

Men & Matters

Call to arms

Not content with the grey, official version of its accounts published by Her Majesty's Stationery Office in August, tha hugaly profitable Royal Ordnance Factories hathed themselves yesterday in the glory of a full-colour annual report.

Guns and ammunition bristle from the glossy pages in a display designed to dazzle potantial investors in the City. The ROFs are the stata arms works and the Government wants lagislation to allow the injection of private capital.

City Investors will have no trouble finding the major source of tha ROFs' £68.8m profits last year. Just as the makars of paper copiers are said to taka thair profits from tha sale of the paper thay use, so tha ROFs' accounts show that over half thair £449m turnover comes from selling ammunition.

Tha report relies discreetly on basic sales figures to damonstrate the success of the ROF wares.

Fred Clarke, ex-director of IBM (UK), who is chairman of the ROFs, prefars to stress in his statement "the yaar of achievement in making an effective contribution to the support of our Armed Forces during the Falkland crisis."

He reaches even greater heights of diplomacy in his arms-maker's view of war: "This latter element fortunately comes into such clear focus only rarely," Clarke writes.

"Press—political correspondent of True Romances"

Party line

Supportive comments about Cecil Parkinson, the harassed trade and industry secretary, were at the top of the orders of the day for the faithful as the Conservative Party conference opaned at Blackpool yesterday.

Pater Rees, Chief Secretary to the Treasury, delights in drawing attention to the fact that ha is tha only Conservative at Westminstar who can claim to be a miners' MP (the Kent coalfield). So it was appropriata that he was chosen to land a shoring-up operation from the platform.

Treasury ministers are accustomed to Conservative conferences hanging on to every word they utter about taxation. The fact that the reference made by Rees to the Parkinson factor took precedence provided its own comment on the current troubled state of the party.

There is nothing new in politics, of course. A century ago the young U.S. was taking the same sort of political problems robustly in its stride.

When president Grover Cleveland (a Democrat) found himself in a similar predicament to Cecil Parkinson the crowds in the streets of Washiogton shouted: "Ma, Ma, Where's my Pa? Gone to the White House: Ha, Ha, Ha!"

Desert song

Chancellor Helmut Kohl of West Germany, arriving in Jeddah on Sunday for ao extremely tricky visit to Saudi Arabia, may have been more than anxious when the strains of tha German national anthem failed to greet him at the immense, modern airport. Could it be that the notoriously anigmatic Saudis were hinting at their irritation at the lack of progress on delivaries of tha Leopard 2 tank? The explanation was simpler: a record of the national anthem, handed over to Royal Protocol hy the German ambassy three weeks before, was inadvertently left on a window ledga and melted in the fierce sunshine.

Town down

Yat another piece of Siogapore's colourful history is about to be consigned to oblivion as the prosperous city stata continues its relentless development.

Stallholders in old Chinatown, near the financial district, were packing their possessions over the weekend to move into a modern multi-storey complex nearby. With oriantal resignation, they commented: "It is inevitable."

It is the second time in a month that Singapore residents have seen aoother slice of their past chipped away. Last month, all the barges, and lighters, which used to moor along the Singapore river had to move down the coast. Now, the river is lifeless as plans for a marina are pusbed ahead.

Ironically, it just so happens that as these charming old sights disappear, a worrying drop in the number of visitors has occurred. July, usually a boom month, saw a 10 per cent drop on last year, the first double-digit fall ever.

Whila the two trends may not be connected, the islands authorities seem to realise that some of the past is worth keeping. Old Singapore hands say wryly it is not a moment too soon.

Inside politics

Denmark's most celebrated prisoner, Mogens Glistrup, foundar and leader of the anti-tax Progress Party, will receiva his first prison leave to be present at his party's annual conference naxt weekend.

But Glistrup, aged 64, came close to losing his laave privilage after hreaking tha "house rules" last weekand. While on an outing with other prisoners from his jail naar Elsinor he allowed himself to be intarviewed by Danish TV. Tha rules state that prisoners on outings should avoid contact with outsiders.

Glistrup began serving a three-year sentenca in the summer for a serias of tax fraud convictions after a case which took nine years to go through the courts. He is not cut off from party politics, however. He leads his party hy countless talaphona calls.

Meanwhile, Glistrup's wife Lene is to stand for the party chairmanship, filling in during her busband's involuntary absence.

Sorting out

The Royal Mail, it seems, has not bean gatting through on time, if at all, to outlying regions of SE and SW London.

After waiting 14 days for an order posted in West London, one reader rang the Post Office customer relations dapartment to find out what was going on.

The trouble, he was told, was due to a move to computerised sorting. Why hadn't the public been informad? he demanded. "We did consider it," came the reply, "but we decided it would produce bad customer relations."

Observer

BRITISH TELECOM DISRUPTION

On the edge of a 'black hole'

By David Goodhart, Labour Staff

THE DISRUPTIVE action by telephone engineers in London over the past few days underlines again the latent power of "key workers" in the telecommunications industry.

Paradoxically, it also shows why the Post Office Engineering Union will almost certainly lose the battle to stop privatisation of British Telecom—due to become law early next year. Already the present dispute has cost the union several hundred thousand pounds and rarely has the Government presented such an immovable target.

Yet the first essentially "political" strike against the Government since 1979 has all the hallmarks of a major confrontation:

● An inexperienced, but ideologically committed left-wing union leadership.

● A cautious, apolitical membership torn between loyalty to the union (and a genuine hostility to privatisation) and deep anxiety over "taking on" an elected Government.

● Key groups of activists—especially in London—willing and able to inflict considerable damage on international and domestic telecommunication links—with strong support from other BT unions.

● A Government with a reputation for standing up to strikes, especially by public sector monopoly unions, that is not going to be deflected from privatisation—a central feature of its second term strategy.

● A possible legal showdown involving the 1982 Employment Act arising from the related POEU action against BT's new private sector rival, Mercury.

● A British Telecom management which, having wrung what it believes to be a good deal out of Mercury for connecting the new phone system to the BT network and having persuaded the Government not to break up BT, now backs privatisation and accepts Mercury.

However BT believes that the union will not destroy itself in a political battle it cannot win, a battle that led to last weekend's unprecedented lock-out in London's international telephone exchanges.

The management takeover was prompted partly by the unexpectedly speedy deterioration of the system, but a move to increase the pressure on the union leadership would have been taken regardless.

By forcing the POEU to step up the industrial action—which for the past few months has seldom involved more than a handful of members—BT hopes it will soon find the costs unbearable. The union is pledged to pay strikers average after-tax earnings from its fighting fund of £1.1m. A technical officer earns about £150 a week and an average technician £120, so that fund will be depleted in a matter of weeks if the disruption continues at anything like its present level.

Even when the industrial action levy of £1 a week per member is reimposed, funds will bleed away far too fast for a union with total assets of only £4.5m. BT appears to believe that the black-hole strategy—as union officials call it—will either force a rethink or will involve the reluctant wider membership and split the union wide open.

Attempts to call national action—involving the union's 132,000 members—would be risky. At a special conference last month a substantial minority (48,713 to 80,824) voted against industrial action. A large number of activists wants to keep its powder dry and see what privatisation brings. It is safe to assume that there would be a majority against a showdown among the rank and file.

So is the union heading for a major defeat over an issue that allows no room for compromise? Probably not, for two main reasons. First, despite the rhetoric about stopping privatisation through sheer industrial muscle, a number of executive members—on Left and Right—accept that it is unstoppable.

The action is thus implicitly seen as a marker for the future. As one senior official said: "We are showing the shareholders and the management of a newly privatised BT that we are not some tame house union."

The second and related reason why the union is unlikely to be smashed on the rocks of privatisation is that it will quite simply retreat before it is defeated. It will not be drawn into BT's black hole. It will continue its selective action—possibly pulling out even more crucial BT staff on TV and satellite links—but in a financially bearable way.

Some activists still believe that industrial action can persuade the business community to force BT to retreat. That is still the official rhetoric although Mr Bryan Stanley, the right-wing general secretary, and others of the old guard emphasise that the action is part of the wider publicity and parliamentary campaign.

The activists' confidence is sustained by the—unfounded—belief that the union's last (and first) national campaign of industrial action in 1978 drove high-level City delegations to plead with the Government to give in. That campaign, for the shorter working week, did hit the system and won the union a 37½-hour week long before other groups of workers—but the effect of strike action on the highly automated exchanges can be exaggerated.

The POEU has had policies against privatisation and Mercury and has supported them for two years with industrial action. During that time a well-organised publicity campaign has had a major impact within the union — even if outside it has had little noticeable effect and failed to make a dent in the last election campaign.

It was the anxieties over privatisation whipped up by the last executive that led to its own downfall at the June annual conference when it appeared not to be pursuing the campaigns with sufficient vigour. The 14-9 right-wing majority was turned into the same majority for the Left.

The Left did not move immediately as some had expected, but waited until August before starting a low-key blacking campaign against the three Mercury parent companies. When it finally decided to restart industrial action against privatisation — last used against Government departments before the election—it ensured there was solid support and maximum effectiveness in the international division.

The union arguments have remained consistent. Despite genuine worries about the erosion of the public service element of BT, they are based fundamentally on justified fears of worsening conditions.

At a time when technology is rapidly changing old working practices and BT's profit centre reorganisation is already blowing cold winds through previously secure niches, privatisation seems the last straw to many engineers. They have enjoyed job security and a place near the top of the manual worker earnings league for many years. But as Mr Stanley said at a mass meeting earlier this week: "Do any private companies have the sort of index-linked pensions and national agreements that we have?"

The POEU may not be the new miners poised to deliver the knock-out blow to the Government, but over the last few days they have shown again they are a force to be reckoned with.

The legal action with Mercury could, however, still blow up into a TUC *cause celebre*. The union is likely to remain firm on refusing to interconnect even if it calls off the blacking action against the Mercury parent companies. BT will not face problems making the necessary interconnects — especially following the recent drive to de-unionise senior management.

But if Mercury is successful in getting an injunction against the union for "interfering with business"—using the 1982 Act—the union is unlikely to accept it! There will be strong pressures on the TUC to support the union even though a few other unions back Mercury.

Like the recent action by BT management, that will further unite the hard Left, soft Left and right-wing factions on the executive and could also provide sufficient support in the country for a wider disruption.

This is very high risk for the union. Mercury, the object of much of its fury, was itself conceived during the 1978 action as a way of circumventing the union's monopoly labour power: if it pulled all the stops out in an anti-Government, anti-legislative struggle, the Government would be bound to respond by attempting further to cut back the union's organising base by more privatisation, or by decentralisation of the network, or by tightening the screws on BT management to shed labour more quickly. As matters stand, the union faces apparently hopeless odds against any strategy it cares to adopt.

Trevor Humphries

A union demonstration against the privatisation of British Telecom earlier this year

Global Debt

A containment strategy that should work

By William R. Cline

FOR THE last year the debt crisis has posed serious risk to the international financial system, as developing countries have been forced to reschedule approximately $100bn in debt. World economic shocks precipitated the crisis. Oil price explosion cost the non-oil developing countries $260bn in 1974-82; real interest rates in excess of historical averages, and export losses from global recession in 1981-82 cost them another $140bn, accounting for much of the $500bn increase in debt since 1973.

Western banks are heavily exposed; the nine largest U.S. banks have 280 per cent of their capital out in loans to developing and East European countries. Two of the largest have 75 per cent of their capital loaned to Brazil alone. The write-off of one year's principal and interest for Argentina, Brazil, and Mexico would exhaust profits and one-third of the capital of the nine largest U.S. banks. A more extreme collapse might mean insolvency and the loss of uninsured deposits of $200bn.

Fortunately such financial shocks should be avoidable. A computer-based model for the 19 largest debtor countries, relating their exports to OECD growth, imports to domestic growth, both to the exchange rate, and taking account of interest rates, oil prices, and dollar strength, finds that if OECD growth reaches an average of 3 per cent in 1984-86 (a feasible goal in view of past recovery experience), the debt burden should decline. The external deficit falls from 24 to 14 per cent of exports, and the ratio of debt to exports from 190 to 160 per cent, although improvement is greater for oil importers and less for oil exporters. The key debtors—Brazil, Mexico and Argentina—all show substantial improvement.

The broad conclusion is that the debt problem is one of temporary illiquidity, not fundamental insolvency. Progress to date is consistent with this evaluation. Mexico has made a dramatic turnaround, and both Argentina and Brazil are meeting their trade targets (although slipping on budget and inflation goals).

However, the prognosis depends critically on successful OECD recovery. At 2 per cent growth or below, the debt problem worsens. It is also necessary to avoid stratospheric interest rates, new protection, and either a collapse or another explosion in the price of oil. In addition, because they start from such high debt burdens, Brazil, Argentina and Mexico probably cannot return to normal market borrowing until 1985 or 1986.

In the meantime the dynamic of "involuntary lending" by banks will be vital. Banks rationally lend modest additional amounts to safeguard the value of large existing exposure. Smaller, "free rider" banks that refuse to bear their fair share of new lending will have to be pressed by large banks, central banks and even debtor countries.

Debtor countries have co-operated to date, but for many the structural incentive to default has risen because interest payments now exceed the capital inflow from new borrowing. None the less, the risk of legal seizure of assets and shipments abroad, and more generally the desire to maintain a long-term credit rating, seem likely to preclude any significant defaults, an assessment borne out by the absence of movement toward a debtor's cartel at the recent Caracas meeting of Latin American Ministers. Perhaps the greatest risk is now from Brazil, where the opposition party has called for a potentially devastating three-year moratorium.

Larger and faster World Bank lending will be necessary

The underlying question more generally is how long domestic tolerance to adjustment programmes will last before reaching political breaking point. Encouragingly, the country projections indicate that improvement in external accounts is possible without massive domestic recession.

Appropriate policy for the future includes approval of higher IMF quotas as essential. Rejection by the U.S. Congress could shift debt management from the co-operative mode to confrontation, perhaps tipping the political balance in countries such as Brazil. In addition, larger and faster World Bank lending, expanded export credits and continued private bank lending (at least at $25bn annually) will be necessary to provide approximately $75bn annually to cover deficits.

Improved bank regulation will be part of the policy process. The U.S. House of Representatives proposal to require reserves against all rescheduled loans would eliminate profits for the large banks, but a compromise might be to set aside in reserves any increased interest rate spreads and fees charged on rescheduled loans. Trade policy will be crucial: debt cannot be serviced if debtors cannot export.

The more sweeping proposals would be counterproductive. Transferring bank claims from debtor countries to an international agency, at for example, a 10-cent loss on the dollar, would remove the incentive of "involuntary lending" (there would be no need to safeguard now-transferred past loans), choking off the most important source of new capital. In any event, massive public capital required for such schemes is simply not available. Instead, the strategy should be to continue to manage the problem on a case-by-case basis, using rescheduling and new lending. In extreme cases new approaches may be required, such as the rescheduling of some interest, or the use of zero-coupon bonds.

Under this strategy the debt problem should be manageable. But it could easily slip perilously out of control if any of the major actors behave irresponsibly. So far the greatest risk has come, ironically, not from Latin American radicals but from numerous non-co-operative banks (especially, it appears, on the Continent), and from those U.S. Congressmen who are fixated on avoiding a bank bail-out.

With strong leadership at the highest levels, in creditor and debtor countries, it should be possible to overcome the political and economic risks to the management of global debt.

William R. Cline is a senior fellow of the Institute for International Economics, Washington DC.

Letters to the Editor

Insurance trade barriers in the EEC

From the Managing Director, Guardian Royal Exchange Assurance

Sir,—One implication to be drawn from your editorial of October 7 is that the entire UK insurance market is eagerly awaiting the breaking down of all the EEC's so-called barriers to trade. The position is not, however, as simple as this, since the barriers are only one of several factors that are inter-dependent. Many of these "barriers" are, in any event, no more than reasonable and proper supervisory controls or established market disciplines.

As you so rightly point out, world insurance markets are suffering from excess supply. Cut-throat competition across frontiers will do nothing but make things worse, worse not only for insurers but, in the long term, for consumers.

We are, and rightly so, a Government - supervised industry. We are already able to establish and compete in all the EEC markets and we, the insurance companies, therefore have a considerable interest in their survival and stability. If we genuinely want a common EEC insurance market it must be on the basis of a much greater degree of harmonisation than exists at present, including for example, contract law, tax and supervisory controls and with proper attention paid to the measures which are necessary to ensure such stability and, thereby, our long term future.

To advocate freedom without such prerequisites is, I suggest, irresponsible and the effects would be to bring further deterioration to the insurance markets of the Community.

P. R. Dugdale,
Royal Exchange, EC3.

NHS output and employment

From Mr P. Bingham.

Sir,—Events rarely combine to stimulate my writing a letter to you, but your article on "Public sector jobs" (October 7) coming soon after the announcement of further significant redundancies by my own employer, and amid the debate upon the cuts in National Health Service staff, has forced me to do so.

It was a pity that the private sector employment trends were not included as a basis for comparison, together with the unemployment figures. Even a superficial analysis of these two, however, together with the figures in the articles, reveals that the public sector has sourced less than 20 per cent of the loss in jobs since 1977 whereas it accounts for around 30 per cent of those in employment today. Looking at it in people terms, of the 2m additional unemployed today, compared with 1977, around 1.7m have come from the private sector. Of the 300,000 from the public sector, virtually all have come from the nationalised industries which, like the private sector, are exposed to the cold economic winds of market forces and competition.

In other words, employment levels in the non-industrial elements of the public sector, have been largely unaffected by the post 1977 recession. This stark fact, coming as it does at the same time as the recent announcement of staff cuts in the national health service, raises certain important questions, to which I also offer some answers.

Why has the output of the private sector not fallen by an amount equivalent to the reduction in levels of employment — approximately 10 per cent since 1977? Because of its increased productivity levels.

Has the output of the national health service advanced in line with the 52 per cent increase in numbers employed since 1973? Although no measure of output is available, I doubt whether many people would argue that it had advanced by any figure even remotely approaching this level. By using the 52 per cent, I am being conservative in not allowing any margin for productivity improvements. The obvious supplementary question is therefore, should the NHS be expected to improve its people productivity? The answer is a clear yes.

Should the non-industrial elements of the public sector be removed from the harsh realities of economic life in a prolonged recession, and if not, how should they be handled? The answer is no, they should not be removed from these realities and they should be handled via politics in an economic context. This is what the Thatcher Government patently failed to do during its first term of office, but which it is now showing some signs of doing.

My worry is how much of the social framework of the country will be left if Mrs Thatcher does the same to the public as she did the private sector?

P. M. Bingham.
40 Longdown Lane North, Ewell, Surrey.

Funding the arts

From the Research Officer, National Association of Theatrical, TV and Kine Employees.

Sir,—Goodness knows why it has taken so long for correspondents like Mr J. Sykes (October 7) to state the obvious: that the arts in this country are appallingly underfunded.

After a Commons select committee report last year, and now Mr Clive Priestley's financial scrutiny of the Royal Opera House and Royal Shakespeare Company, what further proof is needed? Mr Priestley's verdict is blunt: either the Government values the arts and funds them adequately, or it does not and they can go to blazes.

Mr Priestley wants the ROH, RSC, National Theatre and English National Opera to be funded directly by Government rather than as clients of the Arts Council. His logic is undeniable. They are "centres of excellence" whose financial stability is essential if they are to remain such. Direct funding (with a strict accounting procedure and pay policy as quid pro quo) would guarantee stability at the most economic level.

But as Mr Sykes points out, it would be taxes collected nationally which would support these centres of excellence in London. Of course they are national assets and objects of national pride: but the principle of "no taxation without representation" surely applies to the arts as well.

Quite plainly, the real answer is a substantial increase in the amount of public money made available to all the arts throughout the country. The Government needs only to transfer to the arts a fraction of the enthusiasm with which it pursues spending on defence.

No doubt the national health service could make an equally valid claim: but as Mr Priestley says (quoting the Intendant of the Deutsche Oper), the arts contribute towards "social health" in no less vital a sense.

David Cormack.
Keenan House,
155, Kennington Park Road, SE11.

Future public spending

From Mr C. Williams

Sir,—The decision of the Government to open up the debate on the future of public spending is most welcome and it is to be hoped that during the next few weeks the Treasury will publish the full details of how it arrives at figures for the cost of the individual spending programmes.

An important issue that appears to have been neglected by the Government and its advisers is the economic consequences of the decline in capital expenditure as a proportion of the total. Public sector capital investment which was equal to 19 per cent public expenditure six years ago is now less than 14 per cent.

The Treasury's projections appear to imply a further decline save perhaps in one area, housing. Even growth here would be in doubt if a government desperate for economies once again took the easy way out and cut back on capital. I hope that there will be full discussions not only of the consequences of cutting further the renewal of our decaying infrastructure but also of the effects of moulding the economy into a shape where transfer payments and current spending figure more and more and capital expenditure less and less.

Particularly worrying is the future of the nationalised industries. Their external finance is shown to fall slightly in real terms and, remarkably, to be practically the same in seven years' time in both high and low-growth scenarios. The internal finance for investment generated in these corporations is essentially the difference between revenue and costs and it is very sensitive to the level of economic activity; this is particularly true of the heavy industries not scheduled for privatisation. The implication of the Treasury's figures must be then that investment by the nationalised industries will be very severely curtailed if the economy fails to achieve a high rate of growth. Of course the less these corporations expect to sell the less they should invest, but the Treasury's proposals seem to go far beyond such commercial logic.

C. A. Williams,
National Council of Building Material Producers,
33 Alfred Place, WC1.

FINANCIAL TIMES
Wednesday October 12 1983

French industry opens doors to a doubting public

BY PAUL BETTS IN PARIS

FRANCE has launched a nationwide campaign to help the French rediscover – and in many cases discover – French industry.

The Conseil National du Patronat Français, France's employers' confederation, has asked 5,000 of its members to open up their plants and factories to the public for five days to increase the public's awareness of the problems in industry.

Concurrently, the Research and Industry Ministry has organised for the first time an exhibition in the French parliament to show Deputies some of the recent achievements of French technology.

The exhibition housed in a huge baroque room with parquet floors and chandeliers, is called Objectif Industrie, and was officially opened by M Laurent Fabius, the Industry Minister, on Monday night on the eve of yesterday's parliamentary debate on French industry.

Both events reflect the growing concern of the Government and of industry in general over the increasing difficulties French industry is facing and the need for both short- and long-term solutions to its problems.

"At a time of deep economic crisis, and at a time when many companies are fighting for survival, the future of French enterprises must become a national priority," said M Yvon Gattaz, head of the Patronat and a harsh critic of the Socialist Administration, launching the employers' so-called "open doors" initiative.

The Patronat campaign is designed to win greater public support for industry at a time when the French in general appear increasingly disillusioned by their country's industrial performance.

This view was confirmed by an opinion poll commissioned by the Industry Ministry for the opening of the parliamentary debate on the Government's industrial policy.

The poll shows that 48 per cent of the French think their industry has lost ground to overseas competition during the past 10 years and that only 17 per cent think it has improved its position. Moreover, 63 per cent think French industry is not dynamic, 69 per cent regard it as not internationally competitive, and 70 per cent not sufficiently export orientated.

Another revealing finding was that only 19 per cent wanted their children to work in industry, compared with 52 per cent wanting their children to work in the civil service and 33 per cent in the liberal professions.

The Patronat's "open doors" campaign, however, has already suggested the French are nonetheless interested in their industries. Some 150,000 people have visited the Citroën plant in Rouen, which opened its doors to the public during the last two weekends. Another 20,000 people visited the electrical motors manufacturer Merlin Gerin in Grenoble last weekeod.

M Fabius is hoping his exhibition of robots, computer-aided design systems, test-tube biotechnology plant techniques and other French high-technology projects in the salons of the parliament will impress deputies from all sides of the chamber to back his industrial policy.

Under M Fabius, industrial policy in socialist France has been shifting dramatically from an initial period of intervention, expansion and protection, to one of rigour, painful industrial restructurings, lay-offs and rationalisations more in time with the Government's deflationary economic policies.

But M Fabius has continued to put the emphasis on developing a strong French electronics sector and encouraging the development of small and medium-sized enterprises. The French economic situation, however, has forced him to concentrate most of his time and efforts on the lame duck industries.

The big nationalised industrial groups, which the Socialists had hoped would act as a locomotive for French industrial growth and development, are unlikely to act as the stimulus for small and medium-sized businesses.

The Government is to give the nationalised groups FFr 12.85bn ($1.62bn) in capital grants next year. This is only 3.2 per cent more than in 1983 and far below the FFr 16bn to FFr 17bn the state conglomerates have been asking for. Moreover, the bulk of this money will go to cover the losses of the steel and chemicals sectors.

Malaysia concedes loss on HK loans

By Wong Sulong in Kuala Lumpur

MALAYSIA's Prime Minister, Dr Mahathir Mohammed, yesterday acknowledged for the first time that his Government would be unable to recover a large part of an estimated U.S.$500m-$850m lent by the state-controlled Bank Bumiputra to Hong Kong property companies.

Dr Mahathir broke a long official silence in an attempt to still the public outcry in Malaysia over the loan scandal to say that five senior Bank Bumiputra officials would be dismissed and that one had already left. He declined to disclose their names.

The loan affair, Malaysia's biggest financial scandal, threatens to become a serious political controversy in which, it is believed, top Malaysian personalities may be implicated.

The Malaysian parliament yesterday rejected a motion by Mr Lim Kit Siang, the opposition leader, for a royal commission of inquiry.

Dr Mahathir said Bank Bumiputra was unable to reveal the exact amounts loaned to the now failed Carrian and EDA property groups and to Mr Kevin Hsu, the property developer, because it was bound by banking secrecy.

Explaining why the Malaysian Government had taken so long to act against the bank's executives responsible for the affair, Dr Mahathir said their co-operation was needed to recover as much as possible from the loans.

"The goose that lays the golden eggs is no more," he added, referring to the arrest of Mr George Tan, Carrian's chairman, and to the subsequent court actions by creditors to put Carrian into liquidation.

He did not rule out legal action against officials of Bank Bumiputra and Bumiputra Malaysia Finance (BMF), the bank's subsidiary that made the Hong Kong loans, should fresh evidence indicate that they had committed illegal acts.

Dr Mahathir, visibly angry, told local editors in Kuala Lumpur that BMF senior executives had taken HK$3.3m (U.S.$394,300) as "consultancy fees" in arranging the loans.

Nakasone rules out snap poll after Tanaka verdict

BY JUREK MARTIN IN TOKYO

MR Yasuhiro Nakasone, Japan's Prime Minister, insisted yesterday that he would not call a snap general election as a result of any political confusion following this morning's keenly awaited court verdict on Mr Kakuei Tanaka, the former Prime Minister, in the Lockheed payments trial.

He expressed no opinion on whether or not Mr Tanaka should resign his seat in the Diet if he is found guilty of charges that, while in office from 1972 to 1974, he accepted Y500m (then worth about $1.8m) for having helped promote the sale of Lockheed Tristar airliners to All Nippon Airways.

Mr Nakasone, whom the Japanese press has described as extremely tense in advance of the judgment on his former political patron, advised the nation to "wait calmly." He said the Government had no intention of interfering in the judicial process.

The Tokyo stock market, however, did show its nerves yesterday, as the Nikkei Dow index fell 69.39 points to 9,493.09 on modest volume, compared with Friday's close. Japan has just had a three-day holiday weekend, as has the U.S., which meant that Wall Street failed to provide its customary lead to the local market.

The rest of the nation also seems to be working itself up to a pitch of anticipation. Press and television are devoting much space and air time to special Tanaka features: his hourly movements are being minutely followed, even down to yesterday morning's breakfast.

Exceptional security precautions are being taken around the courtroom itself and Mr Tanaka's home and office. At least two dozen right-wing groups – who have never forgiven Mr Tanaka for normalising relations with Communist China – are mobilising demonstrations featuring inevitably, mega-decibel sound trucks. Trade unions and other left-wing organisations also plan street demonstrations.

But once the verdict on Mr Tanaka and the four other defendants in the trial is announced, attention should quickly shift to the political arena.

Yesterday, the Diet decks were partly cleared when the Lower House easily passed and sent to the Upper House the Government's cherished administrative reform bills, to which the highest legislative priority had been given.

This afternoon, leaders of all the Japanese opposition parties will confer, in two separate sessions, on the presentation of a joint motion demanding Mr Tanaka's expulsion from the Diet (assuming he does not step down voluntarily).

They will threaten to bring parliament to a standstill if the Liberal Democratic Party majority prevents the motion from coming to a vote by the full house.

Mr Masaharu Gotoda, the influential Chief Cabinet Secretary and close associate of Mr Tanaka, has predicted that the motion will never get to the floor of the house.

Tokyo market discounts guilty verdict, Page 25

UK Tory ministers to fight cuts

By Peter Riddell in Blackpool

MR MICHAEL HESELTINE, UK Defence Secretary and Mr Peter Walker, Energy Secretary have emerged as a new force within the Cabinet representing alternative views on various issues to those of Prime Minister Mrs Margaret Thatcher and her close allies like Mr Nigel Lawson, the Chancellor of the Exchequer.

The new alliance has become apparent at the Conservative Party annual conference. The two are said to be in close agreement on the need to maintain current expenditure on both defence commitments and the urban aid programme in face of the Treasury's desire for cutbacks.

Their co-operation may mark a new twist in the shifting balance within the Cabinet now that there is no longer any concerted attempt by the so-called "wets" to challenge Mrs Thatcher's economic strategy. It will be tested when the current expenditure review comes before the Cabinet next week.

Mr Heseltine is regarded as a rising star and the strongest moderate candidate for the long-term succession to Mrs Thatcher. He has previously been regarded as a political loner, though he is an old friend of Mr Walker.

That Mr Walker's relations with Mr Nigel Lawson, his predecessor as Energy Secretary, have been strained in their different approaches was underlined yesterday. During the conference debate on energy Mr Walker expressed scepticism about the possibility of introducing competition into many parts of the gas and electricity industries, despite the fact that it had been specifically encouraged by legislation brought in by Mr Lawson.

Calls for the restoration of capital punishment were loudly applauded but Mr Leon Brittan, the Home Secretary, defused the issue in a skilful speech. He pledged stiffer and longer sentences for violent criminals, but was careful not to make any commitment to mandatory terms of imprisonment for any crime as sought by the same Tory factions.

Conference report, Page 10

Brazilian sugar group files for protection against bankruptcy

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE HERMINIO Ometto group, which claims to be the largest private producer of sugar and alcohol fuel in the world, has filed for court protection against bankruptcy on behalf of six of its 10 companies, including the holding company, Companhia Industrial e Agricola São João.

The application to a São Paulo court on Monday for a breathing space to reorganise the group's affairs is unlikely to have any immediate effect on Brazil's sugar production or exports given the abundant stocks available.

But the psychological effects of the collapse of a second major private enterprise in three months will undoubtedly be long lasting. In July, the Matarazzo industrial empire was forced to take a similar step.

The Ometto announcement coincided with a report from the São Paolo Commercial Association that 50 applications for "concordata," the legal halfway stage to formal bankruptcy, were made during September, bringing the total for the year in São Paulo alone to 308, 60 per cent up on the same period in 1981.

As in the Matarazzo case, the severe impact of last February's major devaluation of the cruzeiro on enterprises previously encouraged by the Government to indebt themselves heavily in foreign currency appears to have been the final blow. Shortly before the devaluation, Sr Herminio Ometto is reported to have borrowed $45m from Citibank.

In a statement accompanying the court application, the Herminio Ometto group blamed government policies, especially the "brutal" 23 per cent devaluation, and the policies of the state-run sugar and alcohol institute, the IAA, for its difficulties.

The Herminio Ometto group of agri-industrial companies is the largest of four separate groups active in Brazil's important sugar and alcohol fuel sectors controlled by different members of the Ometto family.

In 1982, Companhia Industrial e Agricola São João declared an operating loss of Cru 860m ($4.5m at the 1982 average exchange rate) on net earnings of Cru 18.6bn ($98m). It had a foreign debt at the end of December of $31.5m, up from $2.7m a year earlier.

Shamir move on economy

Continued from Page 1

value of their investments after six years. Those who do not take advantage of this backing and sell within the five-year period will receive the value of the shares on the Tel Aviv Stock Exchange on the day of sale.

The stock market is not expected to resume trading until next Sunday. The bank shares are expected to drop sharply because, in accepting the agreement, the banks have promised to stop propping up their own shares by buying up all those offered for sale.

The new economic measures were sharply criticised by the opposition Labour Party yesterday.

Zia to talk to political parties

BY JOHN ELLIOTT IN ISLAMABAD

AT LEAST four political parties are to be consulted by President Zia-ul-Haq during the next few weeks about ways of ending Pakistan's current martial law regime and accelerating moves towards some form of elected parliament. It is not yet clear whether the President will offer to see parties involved in the country's civil disobedience.

President Zia said on Monday that he was aiming to "evolve a consensus," and it is possible he might decide to hold restricted party elections in March or October next year. But Maulana Shah Ahmed Nooranithe, the first political leader to meet him, said yesterday: "I think he will not do anything. He will listen to everybody and will do what suits him."

A government spokesman later denied suggestions made by Maulana Noorani that the President had specifically said he might hold a round table conference of all parties and announce a decision on elections next month.

Maulana Noorani met a delegation of the Jamiat-i-Ulema-i-Pakistani (JUP), a small right wing religious-based party which has refused so far to join the mass demonstrations organised across the country by nine political parties within a Movement for the Restoration of Democracy.

This movement has maintained the momentum of civil unrest for nearly two months, and marches and arrests are taking place every day in the province of Sind. A new wave of mass protests is expected on October 19.

All the country's political parties are dissatisfied to varying degress with plans announced by President Zia on August 12 for moving by March 1985 to parliamentary elections within a highly restricted political party framework

President Zia has been forced by the often violent demonstrations and by widespread attacks on his policies, to hold his series of meetings.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	23	73	Dubrovnik	S	25	77	Malaga	S	30	86	Salzburg	R	12	54
Algarve	S	26	79	Faro	S	23	73	Malta	F	24	75	Seoul	C	22	72
Algiers	F	26	79	Florence	C	23	73	Manila	C	31	88	Singapore	S	33	91
Amsterdam	F	13	55	Frankfurt	C	15	59	Miami	R	29	84	Stockholm	R	10	50
Athens	S	24	75	Funchal	C	23	73	Milan	C	22	72	Strasbourg	R	14	57
Bahrain	S	31	88	Geneva	C	14	57	Moscow	C	6	43	Sydney	R	19	66
Bangkok	S	29	84	Gibraltar	S	29	84	Munich	C	14	57	Taipei	C	28	82
Barcelona	F	22	72	Guernsey	F	13	55	Nairobi	—	—	—	Tangier	S	24	75
Beirut	S	27	81	Helsinki	C	8	46	Naples	C	21	70	Tehran	—	—	—
Belgrade	S	23	73	H. Kong	S	29	84	New Delhi	S	30	86	Tel Aviv	S	27	81
Berlin	F	14	57	Innsbruck	C	11	52	New York	C	16	61	Tenerife	C	27	81
Biarritz	C	15	61	Inverness	F	10	50	Nice	S	25	77	Tokyo	S	24	75
Blackpool	S	12	54	Istanbul	S	20	68	Oporto	S	19	66	Toronto	F	13	55
Bordeaux	C	18	64	Jersey	F	14	57	Oslo	C	5	41	Tunis	S	26	79
Brussels	F	13	55	Jo'burg	S	23	73	Paris	F	13	55	Valencia	S	25	77
Budapest	C	17	63	Las Palmas	C	28	82	Prague	R	12	54	Venice	C	19	66
B. Aires	F	18	64	Lima	F	20	68	Reykjavik	C	4	39	Vienna	S	13	55
Cairo	S	29	84	Lisbon	S	24	75	Rio de J'o	C	35	95	Warsaw	S	16	61
Cape Town	S	20	68	Locarno	F	20	68	Rome	F	24	75	Zurich	S	10	50
Caracas	S	28	82	London	C	13	55								
Casablanca	S	24	75	Los Angeles	S	29	84								
Copenhagen	C	12	54	Luxembourg	R	9	48								
Corfu	S	25	77	Madrid	S	24	75								
Dublin	F	12	54	Majorca	F	24	75								

Readings at mid-day yesterday:
C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

BCal to buy A-320

Continued from Page 1

tained for much longer – some of them date back to the mid-1960s and would normally be expected to be phased out by 1985.

The shareholders in Airbus Industrie are British Aerospace, 20 per cent; Aerospatiale (France) 37.9 per cent; Deutsche Airbus, 37.9 per cent; and CASA (Spain) 4.2 per cent. Fokker of Holland and Belairbus of Belgium are associates with no shareholdings, but they have some of the work.

These shareholdings are expected to remain unchanged for the A-320 programme, although some other participants may be brought in on the work, including companies from Australia, Canada and Japan.

● Rolls-Royce has won an order worth more than £40m from Qantas of Australia to install its RB-211-524D4 engines in the three Boeing 747-300 "stretched upper deck" jumbo jets that Qantas recently ordered. Qantas already uses RB-211 engines in its existing fleet of jumbo jets.

The Australian airline decided, however, to fit U.S. Pratt & Whitney JT9D-7R4E engines in the six Boeing 767 extended-range twin-engined airliners it also recently ordered.

$36.8m loss for Kaiser Aluminum

By Terry Dodsworth in New York

KAISER ALUMINUM, the third largest U.S. aluminium producer, yesterday reported a further heavy loss for the third quarter but said that its operating results were improving and it expects the upturn in the market to continue.

The net loss in the latest three months to September amounted to $36.8m, or 86 cents a share, of which $20m came from asset write downs and other non-operating charges.

The net loss would have been higher, except for a $57.9m tax credit, and the liquidation of stocks worth $14.6m accounted for on the last-in-first-out system.

This year's figures compare with profits of $63.3m net in the same period last year, but these were greatly distorted by an exceptional $181m pre-tax gain on an amendment to the group's natural gas contracts.

The underlying performance, the company says, indicates an improvement in the aluminium division, with operating losses in the three months falling to $60m, against $100m in the same period of last year.

Mr Cornell Maier, chairman, said that higher prices, reduced costs and modestly increased sales volume were all helping the company.

THE LEX COLUMN

Power failure in electricals

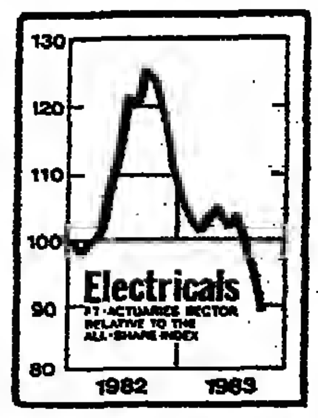
The importance of stock selection even in bull markets is underlined by the dramatic underperformance of the UK electricals sector over the past 12 months. Some adjustment in relative values was always likely as the upturn in the stock market broadened. After all, in a year in which the task of the electrical majors was to top impressive past performance, the profits growth of recovery stocks was bound to look more exciting.

Nevertheless, the pasting of this former glamour sector, in absolute terms – its fall now stretches to 18½ per cent compared with a year ago – has run far beyond this argument. Nor can it be explained by short-term worries about profits, although undoubtedly for both GEC and Racal – at their 1983 lows again yesterday – the disenchantment has been compounded by the prospect of first-half profits which will be flat at best before a better second-half performance cheers up the outturn for the full year.

Fresh uncertainty both over defence and telecommunications has heightened the investment mood. On defence, however, the Government's warlike words about expenditure cuts and enforcing a lower return on capital employed are likely to have only a marginal impact on the electrical companies. Contract prices are anyway being increasingly fixed in advance, while the main brunt of cutbacks would hit other spending areas.

In telecommunications, the privatisation of British Telecom and the growing competition in private switching poses greater problems. While it looks as if Plessey is poised to emerge as one of the major international players by the end of the decade, the prospects for both STC and GEC are less encouraging.

By next year the profits growth of the electrical companies is likely to be back in line with the market. Meanwhile, valuations are now beginning to look modest. Both GEC and Racal are standing on prospective p/es of about 12, on an actual tax basis, compared with a prospective market p/e of 11. So these stocks may begin to display a defensive appeal, especially if bear market sentiment gains a hold. For Racal, a return of postponed Middle East orders may be the trigger, but investors may want to see evidence from GEC that it aims to enter new markets.



Money supply

The Bank of England had already given a strong taste of the September banking figures by allowing base rates to fall early last week, so yesterday's news that sterling M3 had dropped back within its target range represented little more than formal confirmation.

The monetary picture looks far more encouraging than it did at the time of the July spending cuts but it is still nothing like bright enough to raise hopes of a further reduction in short-term interest rates.

The authorities have after all reined back the aggregates only by dint of an unprecedented volume of funding. In banking September, the contractionary influence of the public sector on sterling M3 was probably around £1bn.

The Government Broker had admittedly been under pressure to compensate for underfunding of around £3bn in the first half of this calendar year. But institutional coffers are now so depleted that, if either bank lending or government spending started to misbehave, it might be difficult to turn in a repeat performance.

Lending, fortunately, remains very tame. The seasonally adjusted figure for the whole banking system was probably the right side of £700m in September. Yet there are still some worrying straws in the wind. PSL 2 remains above target and, with the building societies soaking up deposits at the moment, could easily diverge further from Sterling M3. And yesterday's CGBR (Central Government Borrowing Requirement) figures for September suggested that the Treasury might need to send the heavy mob into the departments if supply services expenditure is not to run well over target in the current fiscal year.

Metal Box

Outlying parts of the Metal Box empire still seem to be getting rolled up with monotonous regularity. Last week, the axe fell on a thermoplastics factory on Merseyside, north-west England; this week, Metal Box's Indian associate has decided to sell its ball-bearing plant and close its plastic and paper packaging operations.

However, the restructuring of the parent company's interests in South Africa, which comes up for shareholders' approval at an extraordinary meeting this Friday, is a deal in quite another league.

By merging some of its activities in South Africa with Nampak and others with Barlow Rand, Metal box will be swapping a bare majority holding in Metal Box South Africa for a pair of 25 per cent stakes in much larger businesses, while retaining a degree of management control. More importantly, Metal Box will be extracting about £40m in cash from South Africa, which can go straight towards reducing its borrowings in the UK.

This sets the seal on 18 months' work, in which Metal Box has rebuilt a balance sheet that in March 1982 was showing net debt of about £180m and gearing of about 50 per cent. Following on a cash inflow last year of £77m – partly due to better cash controls, partly to a sale and leaseback on the head office – the present restructuring brings pro-forma gearing down to about 25 per cent.

Metal Box may still not be making much money at the attributable level; in the year to March there was a surplus of just £2m after tax, extraordinary write-offs and minorities. But at least the company will not for a while yet be straining its bruised relations with the City of London by asking the market to absorb a rights issue.

Stock Exchange

The members of the London Stock Exchange have duly delivered to their Council a convincing mandate with which to execute the deal agreed with the Government. Yet the Council must be aware that the size of yesterday's majority on the constitutional vote said more about the traditions of professional solidarity (and the salutary effects of arm-twisting) than about the actual feelings of members.

Opposition to the rule changes which will now be introduced is still running high and the Council will have its work cut out to pre-empt schisms within the membership. The lack of consultation prior to the agreement with the Government left a bitter taste and, while some Council members have spent every waking hour since then on the hustings, they have not left their constituents feeling much the wiser.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday October 12 1983

ENI in bid to clean up image overseas

By Our Rome Correspondent

ENI, the Italian state energy corporation, is to rationalise its rambling network of overseas financial and operating companies which in the past have put ENI's name into disrepute, particularly in connection with the defunct Banco Ambrosiano.

A new company named ENI International Holdings is to be set up in Luxembourg which will retail the group's interests in companies outside Italy. Under it will come a number of sub-holdings which will all be 51 per cent owned by ENI, with the rest being held by the relevant ENI subsidiary, such as Agip or Snam.

ENI International Holdings will replace the existing Luxembourg-based Hydrocarbons International Holding, and the Zurich subsidiary of Hydrocarbons International will lose its status as a sub-holding.

Hydrocarbons International in Zurich was head of a chain of foreign subsidiaries that between them lent $130m to Sig Roberto Calvi's Banco Ambrosiano, which crashed last year.

CSX holds hopes for last quarter

By Our Financial Staff

THE PROCESSING is continuing to depress profits at CSX, which operates a 27,000 mile rail system spanning 22 U.S. states. Third-quarter net earnings fell from $42.3m or 34 cents a share to $34.9m or 28 cents.

CSX said improving economic conditions were expected to bring strong gains in revenues and profits in the final quarter, but full-year earnings would be lower than last year's $338.4m.

The fall in third quarter profits leaves earnings for the first nine months at $94.1m or 74 cents a share, against $160.2m or $1.28. Revenues rose from $3.5bn to $3.9bn, of which $1.5bn ($1.2bn) came in the third quarter.

The company blamed the lower third quarter oo the recession's effect oo coal shipmeots, notably exported coal, where shipments for the nine mooths were down 38 per cent. Total coal traffic for the nine months was below the year-ago level, but improved in the third quarter on the strength of domestic tonnages. CSX is the leading U.S. coal carrier.

Revenues for the company's natural resource group rose from $63m to $371m in the third quarter, reflecting the acquisition this summer of Texas Gas Resources.

Donaldson, Lufkin gains

By Our Financial Staff

DONALDSON, Lufkin & Jenrette, the New York securities and investment banking company, posted third-quarter net earnings of $5.4m or 37 cents a share, up from $4.2m or 33 cents, on revenues of $115.7m ($103.4m).

For the first nine months, earnings were $16.5m or $1.11 a share, against $12.3m or 97 cents, while revenues rose from $304.9m to $337.3m.

The latest nine months include a $2.3m charge in the first quarter related to settlement of litigation between the company and the County of Los Angeles.

Dana surplus sharply ahead

By Our Financial Staff

DANA, the Ohio-based vehicle parts and industrial products company, more than doubled third-quarter net earnings from $14.9m or 27 cents a share to $31.8m or 57 cents.

The sharp rise, which included a $3.7m gain from a stock for debt swap in July takes nine-month earnings to $78.2m or $1.38 a share against $55.8m or $1.03.

Third-quarter sales jumped from $555m to $709.9m, lifting the nine-month total to $2.07bn ($1.87bn).

Utd Telecom advances

By Our Financial Staff

THIRD-QUARTER earnings at United Telecommunications, the second largest U.S. independent telephone company, rose from $44.5m to $58.3m, with sales up from $611.7m to $655.7m.

This took profits for nine months $172m, against $150.8m, on sales $1.93bn ($1.81bn).

ITALIAN RUBBER GROUP BATTLES THROUGH ANOTHER DIFFICULT YEAR

Bleak year for Pirelli cable unit

BY JAMES BUXTON IN MILAN

PIRELLI, the international cables and tyres group whose Italian parent company recently announced lower profits, yesterday warned that 1983 would be even worse for its cables division than last year. Tyres, however, are doing better, despite a continuing decline in sales of large tyres for industrial vehicles.

The group's cables division, which accounts for 43 per cent of its 1982 worldwide turnover of $4.2bn, will just about break even or possibly close in loss this year, the company said. Last year it made a profit.

Pirelli says that although the U.S. is now enjoying a consumer boom, there has yet to be an upturn in heavy investment there. Middle Eastern countries are reducing their spending and prices are very competitive.

Pirelli saw some signs of improvement, however; it is to supply a coaxial cable between Mecca and Tais in Saudi Arabia, and is to carry out the feasibility study for a network of underwater power cables connecting the Hawaiian islands.

Pirelli is now intensively studying the potential market in opto-electronics – the application of optical fibre technology, in which Pirelli has a foothold, to telecommunications, military and aerospace uses. It believes the main market for this is in the U.S.

Pirelli reckons itself the biggest cable company in the world, with substantially bigger sales than the Japanese Furukawa and the British BICC.

Tyres, which make up 42 per cent of sales, presented a contrasting picture, the company said. Vehicle tyres did better with the revival of the car market in the U.S., Germany, Britain and France, but not in Italy where car sales fell.

But large tyres are in "serious crisis" the company says. Sales fell by between 10 and 15 per cent last year and are down another 15 per cent this year. On Monday Pirelli formally told the Italian chemical workers' union that it wanted to cut nearly 3,000 jobs at its Bicocca factory in Milan in nrder to concentrate the production of large tyres at a plant near Turin. The union has called the plan unacceptable and announced a four hour strike.

But thanks in part to its technological lead in wide, low-profile tyres for fast cars, Pirelli is fairly optimistic about the vehicle tyre market. Demand this year is up and the company is increasing its market share and making higher profits at the expense, it claims, of Firestone and of Dunlop, with which it had a financial union until 1981.

It believes it will continue to gain at Dunlop's expense in the year before tha takeover of most of Dunlop's tyre-making capacity by the Japanese company Sumitomo becomes effective. From then, Pirelli expects fiercer competition in Europe.

Pirelli SpA, the Milan-based parent company of the group, made net profits of L21.1bn ($13.4m) in the 14 months to June 30, 1983. For the 12 months to April 30, 1983 it made a profit of L18.8bn, compared with L25.6bn for the year to April 30, 1982.

The 14-month year was necessary to bring the company's accounting period into line with that of Société Internationale Pirelli, the Basle-based parent company. Since last year the two parent companies have held equal shares in all the group's interests, and between them they control a new Swiss-based management company named Pirelli Société Générale, which co-ordinates investment, research and development, sales policy and development and future strategy.

In Milan the lower profits of Pirelli SpA are attributed to higher investment in new technology, and to higher interest charges due to the issue of bonds. These outweigh the effects of an increase in dividends received from L24.6bo in 1981-82 to L33bn in 1982-3. Debt is equal to about half the company's own funds.

Among the subsidiaries Industrie Pirelli, the Italian operating company, lost L15.2bn in the year to December 31, 1982, against a profit of L8bn in 1981. Pirelli General in the UK slightly increased its profits and Veith Pirelli in West Germany doubled its net earnings.

But Pirelli Cable Corporation in the U.S. made a loss of $14m on sales of $129m in 1982. Profits were made last year in Brazil and Argentina, thanks in part to low debt. One third of Pirelli's sales come from South America.

Talks on Stet link

PIRELLI SpA yesterday confirmed that it is discussing the possibility of taking a minority stake either in Stet, the Italian state-owned telecommunications holding company, or in Stet's subsidiary SIP, which runs the country's main telephone network.

Pirelli, which claims to be the world's largest cable maker, currently has a 30 per cent stake in Sirti, a cable laying company which is a joint venture between Stet (with 50 per cent) Ceat (Italy's second cable maker with 10 per cent) and Face Standard (an ITT subsidiary with 10 per cent).

Stet now wants to take full ownership of Sirti, which is a successful company. In return Pirelli would receive shares in Stet itself or in SIP. Either way Pirelli would get a public quotation for its holding in Sirti, currently said to be worth about L100bn, a seat on the board and access to Stet's cable laying customers.

The project has yet to be finalised.

Texas Commerce weathers storm in third quarter

BY WILLIAM HALL IN NEW YORK

TEXAS Commerce Bancshares, the second biggest Texas banking group, appears to be riding out the recession in the U.S. energy industry better than many of its rivals. Yesterday it announced a 3 per cent increase in its third quarter net income to $44.4m.

The group's modest increase in profits contrasts with sharp downturns at the Dallas-based Interfirst and the Houston-based First City Bancorporation, two of its main rivals, where earnings have been hit by the need to make exceptionally large provisions on energy lending.

The Houston-based Texas Commerce Bancshares, whose energy loan portfolio accounts for 28 per ceot of its total loans, put aside $11.3m in loan loss provisions in its third quarter, which is a fraction of the amounts set aside by the other two banks. Analysts say that its surprisingly stable performance, given the depressed nature of the energy markets it is serving, is probably due to the fact that it has not lent heavily on drilling rigs. This is proving to be one of the hardest hit sectors of the Texas economy. For the first nine months of 1983 Texas Commerce Bancshares' profits rose 5 per cent to $133.6m and earnings per share rose from $4.01 to $4.15 over the comparable nine month period.

Total assets at the end of September totaled $17.5bn and non-performing loans totalled $244m. This is equivalent to 2.3 per cent of total loans. At the end of the second quarter assets totalled $17.3bo and non-performing assets totalled $253m or 2.5 per cent of total loans.

Mellon earnings growth slows

BY OUR NEW YORK STAFF

MELLON National Corporation, the 14th biggest U.S. banking group, has reported a sharp slowdown in profit growth in the latest period. Its net income in the three months to September 30 rose 4.4 per cent to $42.5m.

The group, which had the benefit of the Girard acquisition during the latest period, earned $1.57 per share in the third quarter against $2.07 per share a year ago and $1.90 per share in the immediately previous quarter. David Barnes, Mellon's chief executive, said yesterday that the third quarter 1982 earnings per share represented an "historical peak" in the corporation's earnings, due largely to the wider spreads and falling interest rates that prevailed in the third quarter of last year.

Earnings per share in the latest period reflected the opposite: a compression of the group's interest rate spreads offset in part by higher levels of interest earnings assets and cootinued growth in fee income.

Net interest income in the third quarter rose $29.4m to $154.5m and fee income rose by $30.1m compared with the same quarter last year. However, operating expenses rose by $74.1m of which $43.8m reflected the addition of Girard.

Provision for possible loan losses in the latest quarter totalled $14.1m compared with $25.2m last year. Net credit losses were $9.4m against $10.4m a year ago.

Land sale boosts Int Paper results

By Our New York Staff

INTERNATIONAL Paper, the world's biggest paper maker, has taken a $44.5m pre-tax gain from a major land sale in Georgia into its third quarter results. This has offset the underlying decline io its profitability and helped boost net income from $32.4m to $66.9m.

The profit on the Georgia land sale follows a $63.5m gain on the sale of timber in Northern California in the first quarter and a $15.7m gain on a Florida land sale in the second quarter.

Dr Edwin Gee, International Paper's chief executive, says: "Although our shipments and sales increased in the latest quarter, price increases usually associated with a business recovery have been late in coming for most of our paper product lines, also lumber and plywood prices were down substantially in the third quarter from the high levels in the second quarter."

Dr Gee expected the fourth quarter to see higher average prices for many of the group's products as the U.S. economy continues to improve.

Earnings per share in the latest three mooths totalled $1.21 compared with $0.52 a year ago. Sales totalled $1.08bn against $986m in the comparable period last year. For the first nine months of the year, International Paper's net income totalled $186.2m or $3.36 per share, compared with $133.6m or $2.30 per share in the comparable period last year.

Holmens Bruk benefits from devaluation

By Our Stockholm Correspondent

HOLMENS BRUK, Europe's largest newsprint manufacturer, has reported an increase in its eight months results after financial costs but before extraordinary items of 15 per cent to SKr 164m ($21m). Sales were ahead by 9 per cent compared with the same period last year to SKr 1.7bn.

The sales increase was attributed almost entirely to the effects of the 16 per cent devaluatioo of the Swedish krooa last October, with volume remaining roughly steady.

Net financial costs dropped from SKr 120m for the eight months last year to SKr 92m.

The group says demand for newsprint and other paper products has not yet been positively affected by an economic upturn and that capacity utilisation remained at an "unacceptably" low level of about 80 per cent.

The group is, however, predicting a better result in 1983 than the SKr 217m achieved last year, due mainly to the positive contribution of the devaluation.

Long-term debt grew by SKr 97m to SKr 150m, with large new capacity-building investments under way in anticipatioo of a market upturn by late 1985, the group's finance director said.

Japan's record rental business feels the long arm of the law

BY YOKO SHIBATA IN TOKYO

JAPAN'S LOWER House yesterday passed a controversial bill to regulate the country's rental record sector – a multi-million yen business that bas mushroomed since the first shop was opened in 1980 to over 2,000 outlets with 10m customers.

The bill comes in response to pressure from the music and record sales businesses who say that they are suffering a considerable fall in earnings as a result of the rental shops. Thousands of singers, songwriters, musicians and record shop owners have regularly taken to the streets of Tokyo to push their claim for a tightening up of the country's copyright laws.

The attractioo of the rental shops is simple – new long-playing records in Japan sell for between Y2,700 and Y3,000 ($11.62 and $12.91) each. From the rental shops they can be hired (and then no doubt taped) for as little as Y250.

The first rental shop was set up by Mr Seiichi Oura, a university drop-out who started a business that proved to be an overnight success. He now runs Reikodo, the largest chain of record rental shops.

The rental shops have hit the record sales business heavily – record shops close to the rental outlets claim a 60 per cent fall in business since this form of competition began. The fall in record sales has also led to a fall in income for all those involved in the music business.

Under existing Japanese law, there is no ban on home recording. The copyright lew, last revised in 1971, is unable to cope with the rapid advance of tape and video recording equipment say the protagonists of a tightening up of the law.

Earlier this year the Cultural Affairs Agency of the Government set up a committee to study changes in the copyright law. A preliminary report in July urged that the law be changed so as to enhance the right of the composers of music and of computer programmes to royalty payments.

The law just passed by the Lower House, which should be on the statute book before the end of this parliamentary session, would give the owners of the copyright the right to decide whether or not they wanted their material to be available for hire through the rental shops and would also give them the right to demand fees from the shops.

30% gain forecast for Cardo

By David Brown in Stockholm

CARDO, the Swedish sugar, seeds and biotechnology group, has lifted its pre-tax earnings for the first eight months of the year by 40 per cent to SKr 521m ($67m).

Excluding the profit from security sales of SKr 94m, the improvement amount to 21 per cent. The group expects its full year surplus before securities sales and extraordinary items will increase by 30 per cent over the SKr 354m achieved in 1982.

Sales of the operating company rose 7 per cent to SKr 1.9bn. Income on the shares portfolio was ahead by SKr 9m to SKr 83m, with securities sales bringing parent company earnings to SKr 177m. The market value of the shares portfolio at the end of August stood at SKr 1.3bn, 65 per cent above the end of December 1982.

The earnings improvements stemmed mainly from the sugar company, where results after financial items climbed 60 per cent to SKr 220m, on a 10 per cent rise in sales to SKr 1bn. This was attributed mainly to last year's record sugar beet harvest, which is expected to be poor this year. Full year production is forecast to drop 15 per cent from the 1982 level.

Income at the Hilleshög seed company dropped by SKr 5m from SKr 145m at the eight months stage last year, with turnover up 7 per cent to SKr 448m. This was explained by a volume drop in beet seed sales due to poor weather and a reduction of beet acreage in Western Europe. The group expects acreage to return to normal next year.

The Sorigona genetic technology and water purification company recovered to a loss of SKr 12m, half the previous year's deficit, after operations were cut "considerably".

CGE lifts profits 10% on improved turnover

BY PAUL BETTS IN PARIS

COMPAGNIE Générale d'Electricité (CGE), the large French diversified state electronics group, yesterday reported gross earnings of FFr 205.8m ($26m) for the first half of this year compared with gross profits of FFr 186.2m during the first six months of 1982.

The 10 per cent advance in pretax profits is in line with general expectations. CGE, one of the few profitable French nationalised groups, is expecting to report higher profits and sales for 1983 compared with the year before.

Group sales rose by 12 per cent in the first half compared with the same period last year. The company has said it expects sales to rise by 15 per cent for the whole of 1983 compared with 1982, when sales totalled FFr 65.8bn. Net profits last year were FFr 638m.

CGE is now involved in a major industrial asset swap with Thomson, the other leading French electronics group. CGE will be taking control of Thomson's non-military telecommunications businesses, which are expected to be profitable this year.

During a presentation of Thomson's telecommunications activities, M Jacques Darmon, head of Thomson's telecommunications division, said these operations would show an operating profit this year after years of heavy losses. Moreover, sales are expected to increase 26 per cent to FFr 15bn this year.

Thomson's telecommunications branch has been keen to emphasise that it will not lose its corporate identity nor its current product line after the merger with CIT-Alcatel, CGE'a telecommunications subsidiary.

New hitch over Kuwaiti cheques

BY KATHLEEN EVANS IN LONDON

THE KUWAITI Government's first effort at arbitrating settlements to resolve the $94bn post-dated cheque crisis that arose following the collapse of the Souk al Manakh unofficial stock exchange in 1982, has run into major difficulties.

Creditors have been waiting for the Government-appointed arbitration panel to determine the individual worth of the top speculators. The 17 largest are responsible for 95 per cent of the total amount outstanding. Until these valuations are known few debts could be settled.

When the valuations became known this week, however, they prompted another nosedive in local confidence. For the assets of the top 17 dealers were found to be worth only between 19.9 per cent and 33.8 per cent of their liabilities.

The Government has conceded that these valuations will lead to large numbers of knock-on bankruptcies.

One of the snags to the settlement process is that a large number of creditors hold documentary proof of debts requiring payment in full.

These documents were originally handed out by the Arbitration Panel some months ago when scores of dealers had their assets seized by the state. Since then, the government has secured approval from parliament for all share dealings to be calculated on a basis of the spot price of the share on the day of the transaction plus a maximum forward premium of 25 per cent. However, Kuwaiti lawyers remain adamant that these legal documents entitle creditors to payment in full.

As a result the top 17 speculators will be required to make payments in full, while what they receive will be calculated at the reduced amount in accordance with the premium law. Local market analysts believe this is why the valuations have been so low.

The unexpectedly low figures have caused the Souk al Manakh stock exchange to take another tumble, and prices fell from a summer peak of 95 points to 74 on the index this week.

Another cause for concern is that the final valuations of the top bankrupts, small as they are, are unlikely to be paid in cash. The Finance Minister, Sheikh Ali Khalifa al Saba, said recently that the Government intends to issue promissory notes to creditors.

In principal, the notes will only be redeemable when the Government decides to sell off the assets of the potential bankrupts.

Key Atari man joins Apple

BY LOUISE KEHOE IN SAN FRANCISCO

TWO KEY executives of Atari resigned yesterday, raising further questions about the future of the U.S. company's faltering home computer business.

Mr John Cavalier, president of the home computer division has left the company to join Apple Computers, where he will take charge of the Apple II division.

Mr Jeffrey Heimbuck, who reported to Mr Cavalier at Atari, has also left.

Atari executives are said to have been unsettled since the resignation of company chairman Mr Ray E. Kassar several months ago. Mr Kassar and Mr Dennis Groth, Atari senior vice-president, were recently charged with security violations for alleged insider trading.

EMS-Chemie again omits dividend

By John Wicks in Zurich

EMS-CHEMIE Holding, the parent company of the Swiss chemical group EMS-Chemie, is again ommitting its dividend. Net profits amounted to some SwFr 1.95m ($930,000) in the year ended April 30, plus profits of SwFr 6.42m carried over from previous years.

Of the combined SwFr 8.38m, SwFr 1.83m is needed for write-offs on participations and SwFr 200,000 for statutory reserves, the rest to be carried forward. The company last paid a dividend, of 5 per cent, for 1980-81.

Apart from the write-off against profits, the company, has had to free unpublished reserves to compensate for losses of SwFr 15m in the chemical-engineering sector. The responsible subsidiary, EMS-Inventa, is being reorganised.

Sales of the group as a whole showed a slight increase from SwFr 298.4m to SwFr 308.6m. Large restructuring and investment programmes resulted in group cash-flow excluding U.S. manufacturing operations falling from SwFr 23.5m to SwFr 22m, or rather below the investment total of SwFr 23.3m.

According to Dr Christoph Blocher, managing director, business is much better in the present financial year. In the first five months of 1983-84, he said, productivity was up by 15 per cent, costs were down by 5 per cent and there was a sharp increase in earnings of the plastics and synthetic-fibres sectors.

Panamanian bank watchdog may bite the hand that feeds it

BY WILLIAM CHISLETT, RECENTLY IN PANAMA CITY

THE PANAMANIAN authorities are planning to supervise more closely the 124 foreign banks operating in the country's offshore banking centre.

The collapse of Banco de Ultramar, a private Venezuelan bank based in Panama, has exposed the vulnerability of the largest offshore centre in the Americas where billions of dollars of business is done every year.

But supervision is impossible to carry out effectively without reducing the strong element of secrecy in the country's banking legislation, which is one of the cornerstones of the offshore centre.

Numbered accounts and statutes allowing shell companies to be set up in a matter of hours are important factors behind the centre's phenomenal growth in 13 years.

Anonymity is protected not only by secrecy law, but also by application procedure.

Total assets of the Panama-based banks, which include many of the world's top banks, were $46.3bn at the end of June and deposits totalled $38.3bn, most of them borrowed on the international interbank Euromarkets.

Panama, at the crossroads of North and South America, is ideally located to receive private Latin American capital seeking political safety and Euromarket advantage.

The country also receives criminal capital as it is situated astride the Colombian-U.S. drug route.

Panama's Government-run banking commission is having to tread very carefully over the matter of increased supervision for fear of frightening away banks which play a major role in the economy. The banking sector accounts for 9 per cent of gross domestic product and directly employs 8,000 people in a population of 2m.

"We welcome more supervision, providing confidentiality is still respected," said one of the representatives of a major U.S. bank. "But Panama must be careful not to kill the goose which lays the golden egg."

Sr Olegario Barrelier, the new head of the commission, is anxious to avoid another bank collapse like that of Banco de Ultramar in March.

It was the first major casualty to the centre's history and has impaired Panama's excellent standing.

"I think the banks will welcome more supervision for they are the last ones that want the centre to have an unfavourable reputation," he said.

Sr Barrelier, who took over his job in September, declined to discuss in detail what the changes might be. He stressed, however, that it was not so much a matter of changing the banking regulations, as improving the quality of the present supervision. He is widely respected among bankers for the professional approach he has brought to the commission.

Unlike his more political predecessors, Sr Barrelier has wide experience of the private banking sector, including a long spell with Chase Manhattan's subsidiary in Panama.

Banco de Ultramar, with assets of $86.4m at the end of 1982, was taken over in March by Banco Nacional de Panama, which is not a central bank (Panama does not have one) but carries out some of a central bank's functions. Banco de Ultramar is now being liquidated.

Domestic depositors, who have protested outside the bank and in front of the presidency, are likely to be repaid most of the estimated $16m owed to them. But foreign depositors (non-resident in Panama) who are owed an unknown sum less than this amount, are unlikely to be repaid according to informed bankers. Panamanian law gives preference to domestic depositors.

The events surrounding Banco de Ultramar's collapse highlight the rather relaxed approach over supervision. For at least a year before its collapse, Banco de Ultramar was paying over the market rate for its deposits. Bankers said this was a sign that the bank was facing difficulties, but the commission did not look into the matter.

When the Venezuelan Government devalued its currency in February and introduced exchange controls to cope with its foreign debt crisis, there was an immediate run on Banco de Ultramar's deposits. By that time, said bankers closely involved with the bank, 70 per cent of the bank's offshore loans and 30 per cent of its loans made in Panama were overdue.

But it was two weeks before the banking commission intervened which, said Sr Barrelier, was "too slow."

Bankers say there are several more potential "Ultramars" among banks from Latin America, a region which is undergoing a foreign debt crisis. Some South American banks have a precarious deposit base and a large proportion of non-performing loans. Since the collapse of Banco de Ultramar, bankers say there has beeo a "cleansing" of deposits with money moving out of South American banks and into more established European and U.S. banks.

At the moment the banks are only obliged to carry out an internal audit once a year and to publish their balance sheet locally. The auditor has to be approved by the commission.

Ironically the day the Panamanian press carried the story about the collapse of Banco de Ultramar, the bank published its audited balance sheet for 1982, which showed everything to be in order, to the amusement of bankers who knew what was going on.

Bankers have to submit monthly reports to the commission on their activities and the commission is supposed to carry out an audit every two years. One banker said his bank had not been audited once in the three years he had been in Panama. He doubted whether the commission, which is poorly staffed, had the time to examine all the monthly reports, particularly the key aspects of non-performing loans and the quality of the borrowers.

INTERNATIONAL COMPANIES and FINANCE

Japan to ease foreign share listing requirements

By Yoko Shibata in Tokyo

IN THE face of a crisis of survival for the foreign section of the Tokyo Stock Exchange (TSE), following the successive withdrawal of major foreign companies in recent years, the exchange has decided to ease listing requirements.

The TSE will shortly formalise the necessary measures which will be put into force from November 1.

The new regulations allow the exemption of foreign companies from the presentation of documents on resolutions adopted at general shareholders meetings, minutes of board meetings, trading of stocks, and explanations of shareholders' perks.

In June, Compagnie Francaise des Petroles withdrew its stocks from the TSE's foreign section, following the withdrawal last year of Atlantic Richfield, Amax and Paribas. The companies felt forced to delist their shares because of various constraints on stocks listed by foreign companies including double auditing of their financial statements and the huge cost of keeping them listed

The foreign section of the TSE was set up in 1973 with a mere six stocks listed, then peaked with 17 issues in 1976. In 1977, Borden became the first company to delist its shares, followed by General Telephone and Electronics Corp.

This left only 11 issues listed on the foreign section of the TSE, four of which are bank holding companies

Asahi Glass

IN OUR September 23 edition it was incorrectly stated that the results of Asahi Glass had been hit by losses in Europe. In 1982 the combined contribution of the two relevant subsidiaries was positive.

Malaysia introduces new rules on bank takeovers

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Parliament has passed a Bill which provides, for the first time, a definitive legal framework for takeovers or mergers of banks and which makes it easier for foreign banks to Malaysianise their operations.

It also relaxes the present rigid rules forbidding banks to make loans to relatives of bank directors and employees or to any organisation in which they have a direct interest.

Previously bank takeovers, mergers, and reconstructions were negotiated on an *ad hoc* basis, but now, the parties concerned havo to get epproval from the Finance Ministry (through the central bank), and the deal has to be sanctioned by the High Court.

The need to amend the Benking Act to provide for this erose from current negotiations between the Malaysian authorities and the Standard and Chartered Bank and the Hongkong and Shanghai Bank over local incorporation of their Malayaian operations.

The two banks, which together have a total of 71 branches in Malaysia, are encountering intricate legal and administrative problems in their plans to restructure to comply with the government's New Economic Policy.

The Bill makes it clear that any property, contract, account, negotiable instrument, securities or any assets and liabilities shall be the responsibility of the local incorporated bank once its transfer has been approved by the central bank and High Court.

The relaxation of loans to relatives and companies in which bank directors and employees have an interest has brought much relief to the banking industry.

Bankers say the rigid rules, introduced two years ago, have created many ewkward situations and have only served to encourage directors to make secret inter-bank deals on loans and this was not healthy for the industry.

Sime Darby to broaden its base

BY CHRISTOPHER SHERWELL IN SINGAPORE

SIME DARBY, one of Malaysia's leading plantation and trading groups, will become increasingly involved in property development and manufacturing in order to correct its overdependence on businesses which are vulnerable to changing commodity prices, Tun Tan Siew Sin, the chairman, said.

Outlining the group's plans in the 1983 annual report, he said, the short-term outlook is beginning to be more encouraging, thanks to improved palm oil and rubber prices, but be adds that there is little ground for optimism in the beavy equipment field because of depressed timber prices.

Over the past year, he says, the group "has seen the danger of being too dependent" on its two main division — plantations and tractors. The new property development division "will become a major business" and e significant profit earner, while increased participation in the manufacturing sector would widen the group's activities further.

Tun Tan's comments come just three weeks after London stockbrokers Laurence Prust forecast pre-tax profits of 195m ringgit (U.S.$83.3m) for the year to June 1984, a sharp improvement on the 1118 ringgit recorded in the previous twelve months. Laurence Prost pointed to a certain recovery for the plantations division thanks to better palm oil prices, and a probable improvement for the tractors division.

The chairman said that as a result of a review of overhead expenses in the past year, the "overhead structure is now leaner than it has been for some years," and the group stands ready for any world economic upturn. The review involved "major cutbacks" in the plantations and tractors divisions and at head office.

On the group's Hong Kong operations, Tun Ten says the uncertainty over the political future of the Colony is not likely to be resolved quickly and that "the general business climate reflects this lack of confidence."

Grand Marine agrees debt rescheduling

HONG KONG — Grand Marine Holdings, a major shipping subsidiary of the failed Carrian group, has reached an agreement in principle with 12 creditor banks to reschedule its debts.

The scheme, which was coordinated by Wardley, will cover an initial period of 2½ years from September 30 1983, said Mr Nicholas Asimakopulos, the chief executive.

He said the scheme, which includes the suspension of interest payments on debts of about US$120m, would help Grand Marine to trade out of its current problems.

Mr Asimakopulos pointed out that the scheme would not be affected by the recent petitions filed with Hong Kong's High Court to wind up other members of the Carrian group, including Grand Marine's immediate parent company, Carrian Investments.

● Hang Lung Bank will repay this week offshore deposits made by its customers in Macan's Pecific Bank even though Macanese authorities have suspended Pacific Bank's operations, said Mr David Turner, Hang Lung's managing director.

Hang Lung was taken over by the Hang Kong government in an unprecedented move last Wednesday to keep it from falling. New senior management was supplied by the Hongkong and Shanghai Bank and operations wore continued without a break.

Agencies

Bell offer for BHP will not be extended

By Our Financial Staff

MR ROBERT HOLMES A COURT'S Bell group has announced that it does not intend to extend its controversial offer for Broken Hill Proprietary (BHP) beyond yesterday's closing date.

The offer, which had been made via the recently acquired Wigmores company, had by Monday attracted some 551,814 BHP shares—equal to 0.16 per cent of the "big Australian's" issued capital of 344.37m shares.

Although the final level of acceptances will not be known for some days brokers do not believe that it will greatly exceed Monday's figure. The Wigmores offer, of two of its shares plus A$1 in cash for each BHP share was strongly rejected by the BHP board.

BHP shares have been trading at A$12.50 to A$12.90 for most of the past two weeks. This is thought to have been one of the factors in dissuading shareholders from exchanging their holdings for Wigmores paper, whose share value has been maintained at A$6 each primarily by Bell's own purchases.

Midterm rise for Bata Pakistan

By Mohammed Aftab in Islamabad

BATA PAKISTAN, a subsidiary of the UK based international shoe meker earned a pre-tax profit of Pakistani Rupees $3.16m ($2.74m) in the half year to June 30. This compared with Rs28.02m in the same period in 1982.

Sales rose 16 per cent to Rs290.8m, from Rs250.8m.

The share capital of the company was increased from Rs31.5m to Rs45.36m as a result of a scrip issue. The revaluation gain was Rs39.84m, while reserves and surpluses were Rs93.43m.

The company report said that "consumer confidence, as a result of quality products, is tho basis for the fast improvement in its earnings."

Bata is establishing a new factory in Pakistan to cater to the projected increased demand.

INTERNATIONAL APPOINTMENTS

New chairman at Pinkertons

● New York City Police Commissioner Robert J. McGuire has been elected chairman and chief executive officer of PINKERTON'S INC, the American security and investigative services, company, from January 1. Pinkerton's was acquired by American Brands Inc, last January. Mr McGuire, who has been Police Commissioner since 1978, will replace Mr Eugene C. Fey, who is retiring. Mr McGuire previously served as an assistant U.S. attorney from 1962 to 1966 and as special consultant on the justice department for the President's council on reorganisation of the executive branch. In 1969, he established his own law firm, McGuire and Lawler, where he worked until bis appointed as Police Commissioner.

● Dr Peter Werhahn-Locher is to become managing director and Mr Willi Schlaepfer board member of RAICHLE SPORTSCHUH, the Swiss ski and climbing boot company, on November 1. This follows the purchase of a shareholding in Raichle by the Locher and Werhahn-Locher families.

● Mr Bernard F. Brennan has been named president and chief executive officer of HOUSEHOLD MERCHANDISING INC, part of Household International. He succeeds Mr James M. Tait, who was appointed chairman of Household Merchandising. Mr Tait will continue as a director of Household International and is expected to retire early in 1985. Mr Brenan was exceutive vice-president, retail, for Mobil Corp's Montgomery Ward and Co.

● NU-WSST GROUP, Calgary, has promoted its president and chief operating officer Mr H. Earl Joudrie to president and chief executive. The position of chief executive was relinquished by Mr Ralph T. Schurfield who continues as chairman.

● NIPPON STEEL USA INC has appointed Mr Eiji Umene as president and Mr Masanobu Ichiyoshi as executive vice-president. Mr Saburo Iwai, former president, has returned to Japan.

● Mr Merrill Solomon has resigned as a director of PENCIL CORPN. of Rockville, Maryland, to devote his attention to other investment end business activities. He will remain available as e coosultant to the corporation for six-months.

● Comptroller of the Currency Mr C. T. Conover bas named Mr Bobby B. Winstead to be deputy comptroller for supervisory analysis. In this newly-created position, be will be responsible for the office's off-site enalysis and monitoring of national banks.

● Mr Paul T. Owens has been named senior vice-president — investments of Reliance Insurance Companies. Mr Owens was an executive with Massachusetts Financial Services in Boston. Mr Owens will also be a senior vice-president of Reliance Group Holdings, the porent company. Mr Owens succeeds Mr Michael F. Holland, who has resigned to form his own investment management company.

● Mr Robert H. Davey has been elected corporate vice-president, operations, by the board of GENERAL INSTRUMENT CORP of New York. He will be responsible for all manufacturing and related activities, including corporate plant engineering, quality assurance and materials management. Mr Federic J. La Pointe has been named business development analyst by General Instrument's broadband communications group.

Tom Burns in Madrid looks at a nationalised department store

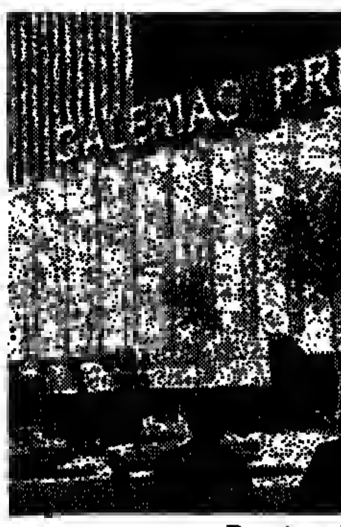
Galerias Preciados tests state control over Rumasa group

EIGHTEEN MONTHS before the diversified Rumasa concern was nationalised in February, Sr Jose Maria Ruiz-Mateos, the group's chairman, conducted the biggest ever takeover in Spain between private companies, and purchased Galerias Preciados, the department store chain. A year ago, Sr Ruiz-Mateos bought the Spanish subsidiary of Sears Roebuck to add on to the Galerias Preciados chain, in what was to be his last major spending before the state expropriation order was served. Now, the department store empire constitutes perhaps the most daunting challenge to the overall Government pledge to save the Rumasa group, to make it viable and to turn it back to the private sector.

Just how difficult a task this could be was highlighted by estimated 1982-83 losses of just over Pta 7bn ($46m)—Galerias Preciados, like others in the Spanish retail sector, closed its books on August 31, but the returns did not need under Spanish law to be presented to the company's annual meeting for a further six months. Because Galerias Preciados is a high street giant, and a household name in Spain, and because its takeover by Rumasa and the subsequent incorporation of Sears Roebuck's subsidiary were accompanied by extensive publicity, the making or breaking of the company is, at the same time, a test for the Government's public credibility in the expropriation issue.

The Government-appointed new executive team are facing the challenge with outward calm and with a determination to apply straight management skills and to leave political implications to one side. The first priority was to maintain the day-to-day running of the company. Among the post-expropriation wisecracks was the claim that under thet ownership of the Socialist Government, Galerias Preciados would turn into something of a people's penny-store palace. It was essential to keep up morale among staff and not to damage the Galerias trademark, which vies with its competitor, El Corte Ingles, in the fashion and luxury market, as well as in general goods.

The government appointed Sr Jesus Isla, a U.S. trained business administrator with multinational company executive experience and a specialist in the retail and department store sector, to head the team as general manager. One of the first executive decisions he made was to approach McKinsey and Company, the U.S. business consultants, which delivered a confidential proposal letter last July, containing an initial analysis of the company and of the sector in Spain, and a preliminary identification of potential growth areas. A decision has still to be taken on whether to commission the international consultants with a major viability plan.



Downtown Madrid

In the meantime, Sr Isla's team has carried out a top level executive reorganisation, and a considerable amount of work has been done to establish cost and profit centres, to draw up strict store-by-store budgets, and to decide on merchandising and warehouse policies. Paradoxically, state ownership has meant what some businessmen see as a return to straight management orthodoxy.

Critics of Rumasa's tenure of Galerias Preciados claim that an initial Pta 12.5bn capital injection that accompanied Sr Ruiz-Mateos's purchase of the department store chain was frittered away in cosmetic changes. "With Rumasa there was a glamorous publicity campaign and the shop windows remained lit up long after everybody else, but there was next to no nuts and bolts market planning," says one critic.

But for the expropriation, Sr Ruiz-Mateos would have told a different story of the fortunes of Galerias Preciados. The company's annual meeting had been scheduled to take place just three days after the Government's dramatic move against the Rumasa empire. The annual report, which was, in the event, never presented, claims that 1981-82 losses were Pta 52m against losses the previous year, before the Rumasa takeover, which were just over Pta 6bn. The Rumasa group would effectively have claimed to have turned around Galerias Preciados in just one year.

The accounting basis of such a claim has, however, been challenged by some.

In common with other Rumasa group companies, Galerias Preciados was not independently audited. Arthur Andersen, the accountants, are finalising an audit covering the period from August 31, 1981 — just prior to Rumasa's takeover of Galerias Preciados — to August 31 this year.

The current management of Galerias Preciados believes that despite the Rumasa claims of a turnabout, there were no great changes in the company's financial position last year, and that losses remained in the Pta 6bn to Pta 7bn range. McKinsey's proposal letter underlines the difficulties facing the company, and stresses that these have been increasing over the past five years. An added point of concern for the company at present is that the capital increase has apparently been eroded, and that Galerias Preciados remains saddled with heavy financial costs.

Over the next three years, the company's new management hopes to have balanced out costs and sales. Sr Isla and his team firmly believe in the future of department stores in Spain, and see high possibilities of growth. Galerias Preciados, with its 24 department stores and with a further three which joined the company after the Sears Roebuck purchase, lags well behind its rival, El Corte Ingles, in floor space and in sales per sqaure metre. Yet the two giants and other smaller hypermarket department store concerns have only a 7 per cent share of the retail sector, against an average 15 per cent share elsewhere in Western Europe.

A great deal of expectation in the company is placed in a new department store that will open next month in north Madrid, in what is billed as the most modern shopping centre in Europe. The new store is the first major such development by Galerias Preciados since 1975, and the company intends to make it a showcase for the latest in department store techniques.

The future ownership of Galerias Preciados, like that of the rest of the Rumasa group's companies, is presently tied to the constitutional court's ruling on the expropriation decree. The court has been deliberating in secret for several months, and there is no timetable for the ruling. The new executives of Sr Ruiz-Mateos's former empire are naturally acting on the assumption that the constitutional court's ruling will contain no surprises.

On that basis, the Galerias Preciados management's brief is to prepare an attractive package for a future buyer. "This Government does not want to own a department store chain indefinitely," says an administration official.

Ward White raising £10.7m to reduce debt

Ward White, the fast-expanding footwear retailer and manufacturer, is raising £10.7m after expenses by way of a one-for-three rights issue of 13m shares of 25p at 85p each.

The entire proceeds will be used to reduce bank borrowings, which now stand at nearly 60 per cent of shareholders' funds or approximately £20.7m. After the issue, the level of gearing will fall to between 25 per cent and 30 per cent.

Debt has increased significantly over the past two years because the group has been hard on the acquisition trail, increasing its shoe shops from negligible levels to more than 370 in the UK and 113 in the U.S.

The group spent £21.5m on acquisitions in its last financial year alone.

The board therefore decided to reduce debt and expand the group's equity base. The issue, the first in Ward's recent history, will also put the group in a better position to take advantage of any opportunities which may arise for further expansion, according to the directors.

It is being underwritten by Morgan Grenfell and brokers to the issue are Fielding Newson Smith and Rowe & Pitman. Renounceable provisional allotment letters will be posted on October 26 and dealings in the new shares are expected to begin the following day.

The new ordinary shares will not rank for an interim dividend, but will rank for all subsequent dividends paid on the group's share capital.

Ward made no profits forecast for the current year, to January 31 1984, but the group did announce its results for the six months to July 31.

Pre-tax profits had risen from £1.58m in the comparable period to £2.15m. Stripping out interest charges, trading profits were up 48 per cent to £3.79m, while turnover increased 50 per cent to £79.274m.

Interest payments increased from £973,000 to £1.64m. After tax of £753,000 and preference dividends, the profit attributable to ordinary shareholders was £1.391m, against £856,000.

Stated earnings per ordinary share rose from 3.13p to 3.54p, while the interim dividend improved from 1.4p per share to 1.54p net, amounting to £605,680.

Mr Philip Birch, the chairman, said footwear retailing was buoyant, especially in the UK, U.S. and Scandinavia. Overseas trading profits continued to advance and the U.S. is now benefiting from the integration of the Childs retail stores into the Hofheimer organisation.

Australia has benefited from the contributions of the new subsidiary there, Alsafe Safety Industries. Since the half year, C. O. Safety Equipment of Melbourne was acquired to strengthen the group's safety products interests.

The German subsidiary is still in difficulties, but is expected to show a strong improvement in the current half, thanks to earlier corrective measures.

UK trading profits showed a substantial improvement and the pre-tax out-turn was also well up after absorbing the interest charges arising from borrowings to finance the purchase of the Turner retail chain.

The safety products division has suffered from low demand which has been partially offset by operational economies, and the engineering division has swung into profit despite a continuing low level of activity.

In the current half, Mr Birch says group trading performance continues to improve both in the UK and overseas.

● comment

Profits at Ward White are increasingly seasonal now that 37 per cent of its trading income comes from retailing, against only 7 per cent in the comparable period. If the bulk of earnings are to come in the second half, the wisdom of pitching a rights issue as heavy as this one at the interim stage does not look obvious. The timing looks a little more fortunate considering that the shares were standing within 1p of their all-time high yesterday morning until the announcement sent them down 11p to 96p. There does not appear to be any overwhelmingly pressing balance-sheet reasons for the issue, even though debt stands at nearly 60 per cent of shareholders' funds. This is no great strain for a group which has lived with gearing of 200 per cent in the past and which expects cash flow from new acquisitions—which contributed around £1m to trading profits—to make quite a dent in the borrowings, even without a call on shareholders. So Ward White is just tidying up the balance sheet to aid its progress on the acquisition trail. Even if it makes no further purchases this year, profits of at least £7m look possible for the year.

Anvil seeks finance to buy interest in Forties

AS AN expansion move and for other advantages, Anvil Petroleum is to tender for a 0.25 per cent interest in the Forties Field to be sold by British Petroleum.

If successful, the tender will be financed by existing cash resources, new borrowings currently being negotiated, and a placing of 2.62m ordinary shares at 50p each on the basis of one-for-three held October 13.

The company raised £1.6m by a rights and share subscription last April to help finance its future exploration activities, and the directors believe that this should be retained largely for that purpose.

Major shareholders of the company, namely Finance and Investment International, three funds managed or advised by M&G Investment Management, Foreign & Colonial Investment Trust, and Investors in Industry, have agreed to support the issue. Between them they hold some 58 per cent of the ordinary capital.

The 0.25 per cent interest in the Forties is represented by one unit, and the minimum tender price for each unit is £5.25m. For competitive reasons, the likely level of Anvil's tender will not be disclosed publicly in advance.

An interest in Forties would provide Anvil with a significant stream of income. This is subject to Advance Petroleum Revenue Tax and Petroleum Revenue Tax (together PRT), in aggregate an effective 75 per cent tax on net UK oil income.

Companies are able to set allowable costs of UK exploration expenditure, both offshore and onshore, against income from UK oil production for PRT purposes. Anvil would, following the acquisition, be able to relieve its future exploration expenditure against PRT, so that £1,000 of new exploration expenditure would result in PRT savings of £750.

Anvil has no income from UK oil production and has no present liability to PRT. Furthermore, it is about to enter a phase of its development when it will incur increasing exploration costs in the UK on its onshore licences and on the blocks offshore in the North Sea which it was awarded in the Seventh and Eighth Rounds.

The directors, therefore, consider this to be an "excellent opportunity" to expand the business by acquiring a stream of UK oil income which is subject to PRT and which, therefore, will be additionally advantageous in connection with Anvil's exploration programme.

The company's plan is revealed with the financial results for the year ended June 30 1983, for which year there is again no dividend. The loss before tax for the year was reduced slightly, (from £607,000 to £577,000. The attributable figure was down from £550,000 to £326,000, equal to a reduction from 16.1p to 6.4p per 20p share.

Mr A. P. de Boer, the chairman, says the company has materially increased its involvement in the North Sea and has been granted its first production licence onshore in Scotland. In the U.S. the cash flow has been inhibited by gas delivery restrictions, but oil and gas reserves have again increased.

The chairman says the company has a balanced and extensive spread of exploration and production activities in the UK, U.S. ,and Australia (where the first well is being drilled). That, together with the stability of the oil price over recent months, "leads me to a cautious optimism which I hope will be borne out in my next interim statement."

Annual meeting, Cafe Royal, W, November 3 at noon. Because of the nature and size of the proposed transaction shareholders will be asked to vote on it at an extraordinary meeting thereafter.

Senior drops 53% as margins fall

THE FIRST HALF of 1983 has been disappointing for Senior Engineering and trading continues to be unsatisfactory, the directors tell members.

Profit before tax for the period fell from £2.74m to £1.28m and corresponds to the lower levels achieved in the latter months of 1982. In a number of UK companies demand has continued at a low level and margins have been under severe pressure, and Phoenix Steel Tube and the process heating companies sustained substantial losses. In addition, the U.S. companies were hit by the lack of demand and reduced profit margins.

Despite the difficult trading conditions the light engineering and air handling divisions achieved good results, which were better than those of the first half of last year.

The profit was struck after after interest charges up from £167,000 to £418,000, the increase being mainly due to the interest on loans raised to finance the acquisition of Penn Machine Company in the U.S. at the end of January.

An unchanged interim dividend of 0.75p is declared, but payable on the capital increased by the purchase of Green's Economiser Group. Green's results are not included in the interim figures.

The directors state that the signs of recovery in the UK and the U.S. economies have so far had little impact on the group. Meanwhile, urgent management attention is being given to improving the performance of the loss making companies.

The heater exchanger companies will shortly be merging with certain of Green's companies and the reconstituted thermal division will be located in a smaller area on the Green's Wakefield site, trading under the name Senior Green. The Green's Tube company is being amalgamated into Phoenix Steel at West Bromwich.

Turnover in the half year came to £38.15m (£40.04m). After tax £360,000 (£1.26m) the net profit was £919,000 (£1.48m), of which the interim absorbs £739,000 (£636,000). Earnings were 1.51p (3.24p) before tax, and 1.08p (1.78p) after. For the whole of 1982 group profit was £4.53m before tax, and the dividend total 1.5p.

● comment

Bad times have hit hard at Senior Engineering. Most significantly damaged is the recently rationalised steel tube subsidiary Phoenix. The steel tube industry as a whole is going through a very rocky period; BSC has raised the price of the steel strip it supplies to tube manufacturers while cutting its own tube prices. Margins have been further squeezed by import penetration, especially from South Africa. And there seems no end to the gloom. Despite combining all the Phoenix operations at West Bromwich and injecting around £400,000 this side will probably face an uncertain medium term future. The full year results will include the first figures from the Green acquisition and this could offset the inevitable increase in interest charges. Forecasts for the full year are difficult and depend partly on the results from the U.S. end whether the company takes the costs of rationalisation above or below the line. The dividend could be maintained. Yesterday the shares dropped 3p to 18½p yielding 12.4 per cent.

Wm. Sindall ahead to £270,000

Despite a drop in turnover from £13.35m to £8.94m, William Sindall lifted pre-tax profits to £270,000 for the first half of 1983, compared with £203,000.

A maiden interim dividend of 2p net is declared by this Cambridge-based building and civil engineering contractor. In the last full year a single payment of 7.5p was paid from pre-tax profits of £561,000.

Earnings per 25p share for the six months increased from 20.3p to 26.2p.

Pre-tax profits were struck after interest payable of £49,000 (£33,000). Tax of £8,000 was payable this time.

Waterford shows some recovery to I£3.8m

ALTHOUGH SOME recovery was achieved by the Waterford Glass Group during the six months to end-June 1983, the directors say a more substantial easing in the general world recession and a consequent improvement in consumer spending are necessary if substantial gains on 1982 are to be made.

Profits for the opening half rose to I£3.81m, an improvement of 15.1 per cent over the I£3.31m returned for the same period last year, although sales were only slightly higher at I£93.07m, compared with I£91.45m.

The profits were struck after charging an £866,000 drop in interest charges to £2.36m and depreciation little changed at £1.14m (£1.15m).

First-half earnings improved from 1.87p to 1.95p per 5p share.

The net interim dividend is held at 0.6p—a final of 0.911p was paid for 1982, although taxable profits for that year fell by £1.87m to £8.49m.

A strong dollar helped the group's crystal and china trading performances in the U.S., but the domestic economy continued to be difficult, with high operating costs and declining consumer spending.

In the retail division the Switzer group maintained last year's performance which the directors consider was "satisfactory" in the current recessionary slump.

They warn, however, that the Smith Group is experiencing an adverse effect of a large drop in the car market overall, although they point out that much effort has gone into preserving market share, minimising expenses and eliminating additional borrowings.

Tax for the half-year took £338,000 (£656,000) to leave net profits of £4.15m, against £3.97m. Minorities accounted for £2,000 (added £7,000).

● comment

The continuing low level of car sales in Ireland is holding Waterford Glass back from enjoying the full benefit of the strong performance from its traditional crystal and china business. Holding market share at 10 per cent is a commendable achievement but does not amount to a profitable enterprise when Ireland forecasts total car sales for the year of 60,000 units compared with 104,000 in 1981. The loss making Smith Group at least helps to soak up the tax charge from the profitable businesses to the extent of a 15 per cent tax credit at the interim which will move to a small charge by the year end. Net borrowings have not materially changed from the year ends figure of IR£ 50.1m. The Switzer department stores are holding their own, but as with the Smith Group its a hard battle given the continuing low level of consumer demand. Indeed Waterford Glass will only regain its sparkle when the Irish economy shows some signs of life. Meanwhile pre-tax profits of around IR£ 10m seems possible for the year with a maintained net final dividend of IR 1.51p. At 20½p that gives UK investors a yield of 8.6 per cent.

Sharp recovery by Energy Services to £812,000

CONFIRMING THE recovery forecast with the 1982 accounts Energy Services Electronics reports a sharp increase in pre-tax profits for the half-year to the end of June 1983. The taxable surplus amounted to £812,000 against £217,000 last time.

Mr F. G. Rollason, chairman, says he is still predicting an increase in profits for the year over the high of £1.51m reached in 1981.

In the light of the predicted profit increase the net interim dividend is raised from 0.4p to 0.45p. In the last full year, a total of 1p was paid from pre-tax profits of £363,000 (struck after exceptional losses of £303,000). Earnings per share for the half year grew from 0.37p to 1.42p.

Turnover of this company which makes and rents electronic equipment expanded from £6.99m to £9.24m.

Short-term rental companies continue with "excellent progress," says Mr Rollason, and their profits have increased by 49 per cent compared with the previous half-year. This level of progress should continue.

Euro sales companies increased profits, in this case by more than double. This also should continue.

Neve Audio had a loss of £172,000 which is likely to be exceeded in the second half. Neve Radio Telephones incurred losses of £116,000 which should show a small improvement in the second half-year.

Other group companies made a small loss overall, says Mr Rollason.

In June, the directors pointed out that for the first three months of the current financial year, electronic equipment demand had increased throughout Europe and profits of rental companies were ahead by 50 per cent.

Pre-tax profits were struck after interest payable of £341,000 (£383,000) and depreciation of £831,000 (£608,000).

Tax came to £362,000 (£71,000) leaving £450,000 (£146,000) before minorities of £17,000 (£17,000).

Ldn. & Strathclyde

With total assets at market value at London & Strathclyde Trust shown as moving ahead from £14.7m to £23.99m, net asset value per 25p share increased from 86.6p to 151.3p after deducting prior charges for the year to the end of August 1983.

Net revenue after all charges including tax and preference payments rose from £307,075 to £379,413. Tax came to £191,984 (£166,057).

The net final dividend has been lifted from 1.4p to 1.5p, which raises the total from 2.2p to 2.35p. Earnings per share increased from 2.13p to 2.63p.

Bowthorpe interim rise despite French loss

DESPITE A loss from Cie Deutsch SA in France, taxable profits of Bowthorpe Holdings, electronic and telecommunication component group, moved ahead from £6.05m to £6.85m for the first six months of 1983.

Turnover expanded by £6.89m to £41.21m for the period and directors have lifted the net interim dividend to 1.84p (1.673p)—last year's final distribution was 2.368p and the pre-tax surplus was £12.42m.

Directors say that although remedial action is continuing, it is most unlikely that Cie Deutsch will be a contributor to group profits, for the rest of 1983. They anticipate that in certain areas overseas the company will increasingly benefit from the economic upturn which was evident in the early part of this year, while at home, the order book "is substantially higher than at this time in 1982."

However, price competition is fierce, and profit margins are under considerable pressure, nevertheless the directors are confident that the group will have another successful trading result leading to a further year of advancement and increased profits.

The group's UK companies lifted profits by 14 per cent at the pre-tax level—including £475,000 of consequential loss claim—and sales by 15 per cent during the six months.

The overseas group, excluding related companies, boosted taxable profits by 36 per cent and sales by 27 per cent. The directors point out that a significant factor is the progression, both in profit and sales, of the subsidiaries in West Germany and the U.S. And this trend is continuing, they add.

Group trading profits amounted to £6.48m (£5.46m) and the pre-tax figure included related companies profits, much lower at £39,000 compared with £492,000, and interest and similar income £335,000 (£77,000).

Tax charge was £3.21m (£2.85m) leaving a net surplus of £3.65m (£3.21m) or 7.9p (adjusted 7.5p) per 10p share.

Minorities absorbed £162,000 against £142,000 and the pre-tax figure was after exchange losses of £96,000 (£65,000).

● comment

Disappointing news from Associate Cie Deutsch, which is dependent on the French defence and aerospace industry, sent Bowthorpe's shares down 8p to 262p yesterday—though some of the fall can be attributed to a disenchantment with electricals generally. Bowthorpe seems to be still more or less on course for a final pre-tax figure of £14.5m with a strong recovery in Germany and the U.S. compensating for the sluggish French performance. Bowthorpe is well pleased with Tempo in the U.S. and further acquisitions are actively planned to enhance its move upmarket to more specialised electronic components. The prospective p/e of 17½ is low for the sector.

Electronic Machine completes reshaping

FOR THE six months ended April 30 1983 the Electronic Machine Company returned profits of £22,700 at the pre-tax level. This compares with losses of £45,000 for the preceding half year and profits of £29,700 for the six months to end-April 1982.

The company has changed its financial year end and the current period will run for the 17 months to September 30 1983.

Turnover for the six months to April 30 last totalled £958,000 (£1.07m to end-April 1982). Tax accounted for £10,000 (£19,400), to leave net profits at £12,700 (£10,300) before extraordinary debits of £172,000 (nil), being a provision for reorganisation and factory closure costs of £150,000 and take-over defence costs of £22,000.

Earnings emerged at 0.52p (0.42p) per 25p share.

Progress has been maintained at Davin Optical, where the growth potential for optical and opto-electronic systems continues "very much in evidence," and at A.P.J. Radar which has performed consistently.

In the engineering division, action taken to counter the severe difficulties of the first six months took until February to show results. Since then there has been a marginal improvement and the group is hopeful that the position will now prove to be stabilised.

Loss-making product lines have been sold or discontinued and the remaining activities transferred to other group premises.

It is anticipated that reorganisation costs of this exercise will, in due course, be offset in part through the disposal of the Ellis freehold property at Thornton Heath.

Having completed its basic reshaping, the group will now be able to concentrate its efforts and resources on areas of recognised growth potential backed by a healthy balance sheet. The directors say the groundwork has been laid, and they are "increasingly encouraged" by medium and longer term prospects.

Although there are no accounts to put before shareholders the group has issued notice of the 1983 AGM for technical reasons.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Ash and Lacy, R. Cartwright, Cass, First Castle Electronics, Fogarty, Greenbank Industrial, T. C. Harrison, Helene of London, Honda Motor, London Sumatra Plantations, Spirax-Sarco Engineering, Steel Brothers, United Parcels, J. O. Walker.

Finals—Armour Trust, Bejam, CPU Computers, Pochin's, Portland Holdings, Scottish Metropolitan Property.

FUTURE DATES

Interims—

Davies and Newman	Oct 18
Feb International	Oct 27
Hunting Petroleum Services	Oct 18
Johnson Matthey	Nov 23
Scottish Heritable Trust	Oct 14
Seafield Gentex	Oct 17
Swedish Match	Oct 13
TR North American Invest Tst	Oct 19
Whittington International	Oct 18

Finals—

Cradley Print	Oct 17
Rosehaugh	Oct 14
SI Group	Oct 20

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Altifund**	int.	0.13	Nov 30	0.13	—	0.375
Altifund‖	int	2.5	Nov 30	2.5	—	7.5
Bowthorpe	int.	1.84	Dec 19	1.67	—	4.04
Chesterfield Props.	int.	3.75	Dec 29	3.5	—	8.25
Edinburgh Inv.	int.	1	Dec 2	0.88*	—	2.18*
Energy Services	int.	0.45	June 6	0.4	—	1
Guildhall Property		5.25	—	4.8	6	5.55
London & Strathclyde		1.5	Dec 9	1.4	2.35	2.2
Midland Marts	‡int.	1.25	Jan 4	1.25	—	4
Senior Engineering	int.	0.75†	Nov 30	0.75	—	1.5
William Sindall	int	2	Dec 6	—	—	7.5
Ward White	int.	1.54	—	1.4	—	4.48§
Waterford Glass¶	int.	0.6	Nov 11	0.6	—	1.51

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § For 13 months. ¶ Irish currency throughout. ‖ Income shares. ** Capital shares.

Angell Care placing

Arrangements have been made for the private placing in London and Edinburgh of $2.52m of new common stock in Angell Care Incorporated, a private U.S. company which manages nearly 50 nursing homes with a total of more than 5,000 beds.

Proceeds will be directed towards acquisitions and further expansion in America. The shares have been placed with UK institutions, and they carry the right to subscribe for further identical shares in about 12 months time.

The placing was arranged by Mathercourt Securities and Liberty Street Capital Corporation, of New York.

Bristol Waterworks

An offer for sale by tender by the Bristol Waterworks Company of £6m of 6½ per cent redeemable preference stock, 1988, has attracted applications for £11.55m of stock.

The minimum price was £100 per £100 stock and the average price obtained was £100.904. The lowest price to receive a partial allotment was £100.65.

Brokers to the issue were Seymour, Pierce and Co and Hoare Govett. Dealings commence today.

Yearlings unchanged

The interest rate for this week's issue of local authority bonds is 9¼ per cent, unchanged from last week. It is up ¼ of a percentage point compared with a year ago. The bonds are issued at par and are redeemable on October 17 1984.

A full list of issues will be published in tomorrow's edition.

BIDS AND DEALS

Cementation looks to Hong Kong as key to Far East

BY CHARLES BATCHELOR

Cementation, the civil engineering division of the Trafalgar House group, is to take a half share in Gammon, the largest Hong Kong civil engineering and construction group, for between £10m-£20m.

The UK company sees a stake in Gammon (Hong Kong), which is at present wholly owned by Jardine Matheson, the diversified Hong Kong trading company, as a means of opening up the Far East construction market.

Trafalgar House said yesterday: "We have not actually done a deal, but we are in a very advanced stage. The final aspects will take some time but agreement should be reached by the end of the year."

The purchase price will depend on Gammon's results. Annual post-tax profit of Gammon is around £12m, Trafalgar House said.

Cementation has been trying to open up the Far East market, but despite being the lowest bidder on a number of contracts has been rejected because it is not well known in the area.

"We think the combination of the two of us will allow us to beat the competition hollow in South-east Asia," e spokesman said.

Gammon was involved in the construction of stations and track for Hong Kong's mass transit system and in many high-rise construction projects. Last year it completed the China Cement plant at Castle Peak, the largest cement works in the Far East.

Cementation won a contract to supply steel vessels and structures for the Castle Peak power station in Hong Kong. It is also providing the structural steel for the Hong Kong and Shanghai Banking Corporation building, but acquired this work when it bought Redpath Dorman Long from the British Steel Corporation in May 1982.

Engineering and construction activities in Hong Kong and China contributed 14 per cent of Jardine's group post-tax profit in 1982 of HK$1.07bn (£85m at current rates of exchange) but in its annual report for that yeer the company said 1983 and 1984 would be more difficult years.

Airflow purchase

Airflow Streamlines has agreed terms for the acquisition of Pegasus Phosphime of Daventry.

The company operates an electrocoat and powder coat-painting facility for the motor component industry.

The consideration is less han 5 per cent of the net assets of Airflow.

Pilkington ventures into home improvement

By David Dodwell

Pilkington, the glass manufacturer and processor, has acquired the privately-owned home improvement company C.I.S. Holdings in an all-share deal which will amount to £5.49m depending on profits performance.

The purchase marks Pilkington's first venture into home improvements, and forms part of a company strategy to expand into areas which offer a higher value added on sales.

C.I.S. was formed in 1979 by Mr Terry Allen, and has expanded from its manufacturing base in Leicester to supply its products — predominantly replacement windows, home insulation and security systems —throughout England.

Pilkington will make an initial payment of 1.77m shares, worth about £4.2m. Provided C.I.S. meets undisclosed profits targets, further share payments worth £650,000 will be made in March 1985 and 1986.

HM- SH SH SH and war ahrab

In 1982, C.I.S. had a turnover of £12.8m, with pre-tax profits amounting to £500,000. It is understood that turnover and profits in the first half of 1983 were more than 30 per cent above the comparable period in 1982.

Mr Allen, who will remain the company's chairman, is understood to have seen a USM listing or acquisition by e large publicly quoted company as the best way of ensuring strong growth in the future. Three companies were understood to be interested in acquiring C.I.S.

It currently employs about 420 people, most of them at its manufacturing plants in Leicester and Weston-super-Mare. It employs e further 450 commercial agents, who work exclusively for C.I.S. to sell and install its products.

Milbury document

Milbury is in the process of finalising documentation to implement an offer for Westminster Property. This is being carried out in conjunction with an application for the re-listing of Milbury's ordinary share capital on the Stock Exchange, thus enabling a share alternative offer to be effected.

With agreement of the Takeover Panel, Milbury's offer document, which was originally to be posted on October 10, will be despatched to Westminster shareholders not later than October 14.

Dowding and Mills

Dowding and Mills is to acquire the capital of Le Mar Commutators, a private company, for £920,000, by the issue of 2,168,693 new ordinary shares. Arrangements have been made to place the shares with institutions.

Profit, before tax, of Le Mar for the year ended March 31, 1983, amounted to £257,000 and net tangible assets at that date were around £520,000, of which £193,449 was represented by cash.

Le Mar is a West Midlands company engaged in the manufacture and repair of commutators for electric motors and generators. The directors of Dowding consider that Le Mar has considerable scope for expansion within the Dowding group.

Rockware closure

Rockware Group is closing its engineering subsidiary, Rockware Kingspeed, of Hull, Humberside, which it acquired in 1977.

Despite a stringent cost reduction programme, especially over the last two years, Kingspeed has continued to incur losses, which would have amounted to some £0.5m in the current trading year.

To ensure the continued availability of its packaging equipment products, arrangements have been made to transfer its knowhow, designs and drawings to Metamatic Systems, a division of Metal Box.

Laundry bids get green light

BY RAY MAUGHAN

THE BIDS by Brengreen for Sunlight Service Group and the offer by Pritchard Services for Spring Grove were cleared yesterday by the Minister for Trade and Industry, on the advice of the Office of Fair Trading.

But, in a rare departure from the merger authorities' usual practice of treating all related offers as one, the Department announced that the proposed merger between Sunlight and Spring Grove should be referred for investigation by the Monopolies Commission "should it become necessary to take a view on that proposal."

In the circumstances, as the Department acknowledged, "there is no occasion to make a formal determination" on Sunlight's offer for Spring Grove because Pritchard, the counter-bidder, was eble to declare its £15m offer for Spring Grove unconditional in all respects since it already has 50.5 per cent control.

Dealings started yesterday in the shares Pritchard issued under the terms of the offer.

Brengreen, the contract cleaning and refuse collection group headed by Mr David Green, is now free to pursue its £31m cash and equity offer for Sunlight.

Brengreen has already announced acceptances in respect of 3.7 per cent when its offer reached its first closing date on September 29. With a small initial opening stake and further market purchases Brengreen holds 10.9 per cent of Sunlight's equity.

Sunlight has fought determinedly throughout the four-way bids to show that Spring Grove shareholders accepting Pritchard's offer irrevocably—thus enabling Pritchard to shut Sunlight out of the bidding—had been told that Sunlight was more vulnerable to a reference than Pritchard in its proposed merger with Spring Grove.

Both Sunlight and Pritchard have been pursuing Spring Grove, which had stumbled badly on its St George's group acquisition last summer, for the best part of 1983.

Sunlight, it appears, was regarded as the "preferred suitor" and, as such, went with Spring Grove to receive confidential guidance from the Office of Fair Trading as to the possibility of a reference for that bid.

The guidance it received indicated that any epproach by Sunlight for Spring Grove would have been referred, as has transpired, whereas both Pritchard and, particularly, Brengreen, have been confident all along of getting a clean bill of health. Brengreen's offer reaches its second closing date tomorrow.

Theakston board split over Matt Brown bid

BY ANDREW ARENDS

The board of T. and R. Theakston, the privately-owned Yorkshire based brewer has split over the proposed £2.66m bid for the company by Matthew Brown, the Lancashire brewing group.

On Monday Matthew Brown announced it had completed negotiations to purchase a majority stake in Theakston.

The two major shareholders of Theakston, London Trust, an investment trust, with a 48 per cent holding, and the immediate family of Mr Paul Theakston, the company chairman, with 11 per cent, agreed to terms with Matthew Brown, it said.

However, yesterday T. and R. Theakston said: "The board of Theakston was not consulted as to that announcement and has not agreed to terms."

The statement went on to say that it had been announced on September 5 1983, that M. D. Abrahams, the Yorkshire textile manufacturer, had agreed to purchase a 29 per cent stake at 40p a share in Theakston from London Trust and to underwrite a rights issue by Theakston.

This agreement was designed to preserve the independence of Theakston, it added.

However, London Trust has now decided to sell its entire stake in Theakston to Matthew Brown. Mr Henry Berens, managing director of London Trust, said yesterday that the deal presented by Matthew Brown at 64p per share was more attractive than that offered by Mr Abrahams.

Theakston refused to make any comment beyond the issued statement, but it is understood that certain members of the board, other than Mr Paul Theakston, were against the Matthew Brown deal.

Matthew Brown said yesterday that it believed the deal was still going ahead. The company stated that Mr Paul Theakston had approached them after the Abrahams deal had been announced and that negotiations had been going on with him and with London Trust.

The dispute has arisen due to a clause in the Theakston company articles which specifies that before shares are sold to an outside purchaser the other shareholders must be given an opportunity to bid for them.

Morland bid as 53% stake changes hands

MR ROBERT MOORE, managing director of the Birmingham-based property company Morland Securities, has sold his 53 per cent stake in the company, triggering a bid for the company at 52p a share. The bid values the company et £674,000.

The buyer of his 690,000 share stake is Mr Jeremy Peace, who moved three months ago from merchant banker Singer & Friedlander to become a fund manager with M & G.

Mr Peace is paying Mr Moore 52p a share in cash, and will be issuing an offer document to the company's remaining shareholders in accordance with Stock Exchange regulations.

Until May last year, the company was called Malayslam Tin. It won listing on the USM in January 1982 and Mr Peace hopes to retain permission to deal on that market.

Mr Moore bought control of the company lete in 1981, injecting into it his own property interests, R. W. Moore (Developments) and Elmforest (Properties). While he will resign from the board on completion of the deal, he will continue to advise the company as a consultant. Mr Peace will join the board, but continue to operate from London.

Directors other than Mr Moore are seeking independent advice on the offer, and will be writing to shareholders in due course.

Until September last year, Morland's chairman was MP Mr Edward Du Cann. He was replaced by Lt Commander Godfrey de Lisle Bush.

Whitecroft £3.5m expansion

IN A £3.5m cash deal, Whitecroft, the Cheshire industrial group, has acquired M. Wisepart, a London group of builders' merchants. Further instalments of purchase consideration, totalling about £400,000, may be paid depending on Wisepart's profits in future years.

The purchase represents a major expansion of Whitecroft's building supplies operations which last year earned a pre-tax profit of £1.94m (double the previous year) on a turnover of £46m.

The newly-acquired Wisepart business made e profit before tax of £561,000 in 1982 on a turnover of £6.99m and is expected to earn a profit of not less than £700,000 in the curent year, on turnover of abont £9.5m.

The acquisition of Wisepart substantially increases Whitecroft's geographical coverage, providing nine new outlets around central London.

Wisepart builders' and plumbers' supplies, bathroom, kitchen and heating equipment business is entirely compatible with Whitecroft's existing operations which distribute through 13 outlets, mainly in the northern half of England and Wales.

In addition to the initial purchase price further consideration of up to £300,000 will be paid if the acquired companies earn profit before tax (and before certain pension and compensation payments) of between £700,000 and £800,000 in the year to December 1983. Additional payments estimated at about £100,000 may be related to profits for accounting periods up to March 1986.

Payments in respect of certain directors of M. Wisepart were made by that company at completion totalling (net of tax relief) £374,000 for compensation and pension arrangements.

Net tangible assets of Wisepart at December 1982, including a professional valuation of properties, were £3.47m, and there were no borrowings.

Whitecroft is a holding company with 35 subsidiaries, engaged in textiles, building supplies, lighting equipment and property development. The group earned a profit before tax of £5.3m in the year to March 1983, a 49 per cent increase over the previous year.

Wigham Poland

Wigham Poland has acquired 60 per cent of Market Run-Off Services from Marlow Insurance Holdings.

Spencer Clark

Spencer Clark has decided to withdraw from the stockholding and distribution of standard grades of aircraft and commercial steels. As from October 7, Spencer Clark (Stockholders), a wholly-owned subsidiary, will cease to trade and will become a dormant subsidiary. All the stock has been sold for £220,500 cash, which represents a loss on book value of approximately £7,000.

In the year to September 30 1982 Stockholders incurred a loss of £69,413. The disposal will enable management to concentrate its efforts on the group's mainstream operations.

Assoc. Newspapers

Further to an announcement on March 18 1983, the conditions for the purchase of 12.3 per cent of the 13-30 Group, by Associated Newspaper Holdings, have been fulfilled.

The purchase price will be $6.03m based on trading profits of $6.12m of 13-30 Corp., the principal trading subsidiary of the 13-30 group, for the year ended June 30.

This purchase, which is part of a series of conditional purchases which could result in ANH acquiring up to 100 per cent of the 13-30 Group by 1988, will bring ANH's interest up to 62 per cent. The purchase took place on October 3.

RIT and Northern

Folowing the rearrangement of shareholdings in Holding Financier Itl. SA, as a result of the exercise of an option granted to other shareholders, RIT and Northern and its subsidiaries are no longer shareholders in the company.

Holding Financier is the parent company of Banque Keyser Ullmann in Geneva, Banque Keyser Ullmann France in Paris, and Dawnay, Day and Co. in London.

The consideration is les than 1 per cent of the net assets of RIT and Northern.

American investors attracted to Dunlop

AMERICAN - BASED investors have increased their stake in Dunlop Holdings, the troubled tyre and rubber group, from 17.44 per cent to 18.34 per cent. They now own 26.43m shares.

Guaranty Nominees, a wholly-owned subsidiary of Morgan Guaranty, said that the American Depositary Receipts, through which U.S. holders own their shares, are held by a large number of individuals.

Dunlop said: "There are no signs of significant buying. The shares are spread among millions of people."

Pegi Malaysia, which has a 26.1 per cent stake in Dunlop, would be highly unlikely to increase its holding this way, it added. With two non-executive directors on the Dunlop board, Pegi would have had to declare any purchases.

John Waddington

Pergammon Press as associate of BPCC, acquired 312,000 ordinary shares in John Waddington on October 5. BPCC and its associate Pergammon now own 1.84m ordinary (29.4 per cent).

Mystery suitor in advanced talks with Rosser & Russell

BY CHARLES BATCHELOR

Rosser & Russell, the privately-owned building services engineer, has reached an advanced stage in negotiations with a major public company which could lead to a bid for its entire share capital.

Rosser has been edversely affected by the downturn in the construction industry and has cut its workforce by 100 to about 800 over the past 10 months.

Turnover in the yeer ended March 31 1983, was well down on the £39.8m in the year ended March 1982—the last full year for which accounts have been published. A further fall is expected this year, but the company has so far attained its reduced targets.

Mr George Sharp, managing director, said: "We have had to do a considerable amount of pruning to get down to e size at which we can continue as a viable operation.

"What we need now is a bit more clout. We cannot achieve that with family shareholders. We need to be part of a bigger organisation to diversify. At the moment we are solely in contracting."

Talks have been going on for several months with the unnamed public company which has diversified interests. Negotiations have now reached the stage where only "small formalities" remain to be settled, according to Mr Sharp.

Rosser has about 70 shareholders, many of them members of the extended Russell and Wallace families. Chairman of the group is Mr David Russell, although he has been in in poor health recently.

Rosser provides heating, air conditioning, electrical, fire protection, sanitary and mechanical engineering services to the construction industry.

The company is based in Hammersmith, West London and has 1.69m £1 shares in issue. It made pr-etax profits of £911,000 on turnover of £39.8m in the year ended March 31 1982.

One important contract carried out recently was the National Westminster tower in the City of London

London Clearing Banks' balances

as at September 21 1983

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m	Total outstanding £m	Change on month £m	Change on month £m
LIABILITIES				
Sterling deposits:				
UK monetary sector	16,614		+225	
UK private sector	54,103		+267	
UK public sector	1,148		−109	
Overseas residents	7,828		−208	
Certificates of deposit	4,695		+ 46	
		84,389		+221
of which: Sight		27,071		+647
Time (inc. CD's)		57,317		−426
Foreign currency deposits:				
UK monetary sector	15,011		−442	
Other UK residents	3,649		− 81	
Overseas residents	36,812		+500	
Certificates of deposit	5,653		−520	
		61,124		−544
Total deposits		145,513		−323
Other liabilities*		18,135		+530
TOTAL LIABILITIES		163,648		+208
ASSETS				
Sterling				
Cash and balances with Bank of England		1,351		− 12
Market loans:				
Discount houses	2,607		−240	
Other UK monetary sector	14,257		+261	
UK monetary sector CD's	1,492		−297	
Local authorities	1,081		+ 13	
Other	921		+ 39	
		20,358		−224
Bills:				
Treasury bills	209		− 45	
Other bills	1,542		−144	
		1,750		−189
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	3,023		− 34	
Other	3,098		+ 8	
		6,122		− 25
Advances:				
UK private sector	56,237		+550	
UK public sector	444		+ 99	
Overseas residents	4,246		+ 79	
		60,927		+729
Other sterling assets*		9,206		+285
Foreign currencies				
Market loans:				
UK monetary sector	15,721		+120	
Certificates of deposit	697		+ 21	
Other	24,718		−769	
		41,137		−628
Bills		82		− 9
Advances:				
UK private sector	4,246		+300	
UK public sector	469		− 46	
Overseas residents	14,389		− 24	
		19,103		+229
Other foreign currency assets*		3,602		+ 52
TOTAL ASSETS		163,648		+208
Acceptances		2,527		+ 15
Eligible liabilities		63,597		+142

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m	TOTAL Change on month £m	BARCLAYS Outstanding £m	BARCLAYS Change on month £m	LLOYDS Outstanding £m	LLOYDS Change on month £m	MIDLAND Outstanding £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Outstanding £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Outstanding £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	145,513	−323	39,400	−502	27,513	− 47	28,124	−853	46,451	+889	4,025	+190
ASSETS												
Cash and balances with Bank of England	1,351	− 12	432	+ 25	215	− 8	234	− 42	424	+ 24	47	− 11
Market loans:												
UK monetary sector	32,585	+142	9,028	−253	4,742	+237	4,000	− 10	14,086	+ 96	731	+ 71
Other	28,909	−993	7,247	−404	6,232	−205	6,136	−765	8,390	+317	905	+ 64
Bills	1,842	−198	498	− 27	788	−125	270	+ 1	252	− 39	35	− 8
British Government stocks	3,023	− 34	969	− 41	598	− 23	752	− 11	613	+ 41	91	—
Advances	80,031	+958	22,559	+234	15,830	+240	15,893	+243	23,429	+193	2,320	+ 47

TABLE 3. INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES

	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
ELIGIBLE LIABILITIES	63,597	+142	19,465	+168	12,704	−147	11,130	−231	18,438	+299	1,861	+ 54

MINING NEWS

Western Mining still keeps its faith in nickel

BY KENNETH MARSTON, MINING EDITOR

THE PAST financial year to June 21 was the 50th year of operation of Australia's Western Mining, but it was one of mixed fortunes. While good performance was achieved in both production and new project development, adverse metal markets left the company with a reduced profit before extraordinary items of A$4m (£2.43m) against A$6.9m in the previous 12 months.

Currently dependent on gold and nickel for earnings, Western Mining boosted group gold production by 48 per cent.

On the nickel side, sales increased by 32 per cent and with the help of a 6.4 per cent reduction in the cost of sales, thanks to mining higher grade ore and efficiency controls, the nickel operations came near to breaking even when those of other world producers suffered heavy losses.

Sir Arvi Parbo, the chairman, also points out in the annual report that while average U.S. price of nickel realised fell by 30 per cent, the price received in Australian dollars was 16 per cent lower owing to a favourable exchange rate.

The nickel interests were strengthened by the purchase of known deposits and leases in the Widgiemooltha Dome area of Western Australia and the acquisition of the Shell partner's 50 per cent interest in the Windarra mine.

Sir Arvi gives no forecast for the current year, but he says that company policy is to maintain the nickel operations in their present highly efficient condition. It is also intended to expand them as the opportunity occurs in order to be able to take full advantage of an eventual strong revival in the nickel market.

He adds that expansion of the gold interests and the establishment of new gold operations has a high priority as has the development of any oil discoveries.

Further drilling of 100 holes has been carried out at the huge and intriguing Olympic Dam project in South Australia where Western Mining is partnered by BP Australia on a 51-49 per cent basis.

Over 500 holes have now been drilled and the estimated amount of mineralisation remains at an awesome 2bn tonnes grading an average 1.6 per cent copper, 0.6 kilogrammes uranium oxide and 0.6 grammes gold per tonne.

The environmental impact statement for Olympic Dam was approved during the year and construction of a pilot treatment plant begun. It is hoped to complete a feasibility study by the end of 1984 for this potentially huge venture which alone could keep Western Mining in business for another 50 years, if all goes well.

Malaysian tin output continues to fall

THE PRODUCTION controls imposed on the world's tin producers under the terms of the sixth International Tin Agreement are still proving effective in reducing output.

Production figures for September from the biggest producers in Malaysia show a continued decline.

The Malaysia Mining Corporation (MMC) and its subsidiaries produced 456 tonnes of tin concentrate during the month, down from the August figure of 508 tonnes. The largest fall was at Southern Malayan, down from 126 tonnes to 101 tonnes.

The cumulative total for the first eight months of the current financial year is 3,830 tonnes, against 5,205 tonnes at the same stage of 1982.

The latest figures are compared in the following table.

	Sept tonnes	Aug tonnes	July tonnes
Aokam	110	138	67
Ayer Hitam	120	149	79
Berjuntai	161	168	191
MMC	456	508	513
Sungei Besi	34	40	52
Tongkah Harb.	25	48	26
Tronoh	57	57	35

Other companies controlled, like MMC, by Pernas Charter Management saw their output fall during September to 643 tonnes from August's 711 tonnes.

In addition, Berjuntai's No. 3 dredge closed for three weeks for major repairs.

The picture was similar at the Gopeng group of Malaysian producers, with the September total down from 187½ tonnes to 146½ tonnes.

The Mambang Di-Awan operation produced no tin during the month, as it was closed throughout due to the controls and repair and maintenance needs.

APPOINTMENTS

Petrofina forms new exploration company

Petrofina, Brussels-based petroleum company, has formed a UK exploration company called FINA EXPLORATION to represent its UK offshore interests, both in association with the Phillips Group and in its involvement as operator of block 16/28 in the North Sea. The company is based in Epsom. Senior appointments announced so far are: Dr P. H. Jungels: managing director (Dr Jungels is managing director and chief executive of Petrofina (UK)). Mr W. H. Ziegler: senior group adviser, Dr G. Orbell: exploration manager; and Mr P. Payan, chief geophysicist.

At Fina Chemicals, Mr Sidney B. Dalimer, managing director, retires on October 31, after 30 years' service with the Petrofina Group. He will be succeeded by Mr D. J. Norton. Mr Norton has held various senior executive appointments at Petrofina (UK), the most recent industrial sales manager.

★

AIRTECH has appointed Mr Victor J. McMullan as managing director. Airtech is a part of the Ropner Group. Mr McMullan joins The Plessey Co, where he was managing director of Plessey Radio Systems.

★

Mr Kenneth J. Findell has been appointed to the board of INVERGORDON DISTILLERS (HOLDINGS), Scotch whisky distilling arm of the Hawker Siddeley Group. He was company secretary.

★

LAPORTE INDUSTRIES (HOLDINGS) has appointed Sir John Hedley Greenborough, as a non-executive director.

★

DUPORT has appointed Mr John D. Saville as a non-executive director. He is chairman of J. Saville Gordon Group.

★

BANK HAPOALIM, has appointed Mr Eli Tal, to succeed Mr Hanen Lehmann as manager of its Manchester branch.

New UK chief at ManuLife

Mr James Robertson, a director of the MANUFACTURERS LIFE INSURANCE CO of Canada, has been appointed general manager of the company's operation in the UK. The previous general manager, Mr John Clark, has moved to Toronto to ManuLife's head office. In 1976 Mr Robertson was appointed executive vice-president and the joined the ManuLife board in 1978.

★

Mr David E. Magee has been appointed London manager of the AACHEN AND MUNICH INSURANCE CO. He succeeds Dr Michael Muller-Stiller, senior manager and also chairman of the London and Aachen Munich Marine Insurance Co. and London and East Riding Marine Insurance Co., who is returning to Germany to take up another senior executive appointment within the Aachener und Münchener Group.

★

Mr Simon P. de Albuquerque and Mrs Jeanne Wallace, have been appointed assistant directors of merchant bankers, CHARTERHOUSE JAPHET.

★

Mr Bruce Rae-Palmer has been appointed group finance accountant with DAVIES AND NEWMAN HOLDINGS, Dan-Air parent company. He was at British Caledonian as divisional accountant.

★

CEMENTATION CONSTRUCTION has appointed Mr John Oldham, director of south east operations. He joined the company in 1965.

★

ASSOCIATED LEISURE has appointed Mr B. B. Wood as finance director to succeed Mr R. H. Elworthy, who is retiring but will remain on the board as a non-executive director.

★

AMALGAMATED FOODS has appointed Mr Peter Condon as finance director. He was finance director of Tri Trade, a subsidiary of the Tricentrol Group. Mr Rob McConkey, co-founder of the distribution consultants, Drew McConkey and Associates, joins the board of Amalgamated Foods as a non-executive director.

★

Mr D. N. Tattersall will be resigning from the board of TOOTAL GROUP on October 31 to pursue other business interests. Mr A Tyldesley, who will retain his existing board responsibilities, has been appointed finance director in place of Mr Tattersall.

★

MERRILL LYNCH EUROPE has appointed Mr David Reid Scott as executive director in London. For the last five years he was seconded by Merrill Lynch as an adviser to the Saudi Arabian Monetary Agency in Riyadh.

★

Mr David Ball has been appointed chairman of HAISTE INTERNATIONAL.

★

Mr Alec Sandison has been appointed chief executive of SURVEYORS HOLDINGS, the wholly-owned trading company of the Royal Institution of Chartered Surveyors. He retains his responsibilities as company secretary and secretary for finance to the institution.

★

Mr T. V. N. Fortescue, secretary-general of the FOOD AND DRINK INDUSTRIES COUNCIL since its inception in 1973, will retire at the end of the year. He will act as honorary consultant to the council and will remain for the time being as chairman of the standing committee of the Brussels-based Confederation of the Food and Drink Industries of the European Community. Mr D. R. Stecker, the assistant secretary-general, will be appointed acting secretary-general from January 1 1984.

★

Mr Michael Shanks is to continue as chairman of the NATIONAL CONSUMER COUNCIL for a further period of two years. He has been chairman since 1977.

★

HUMBERSIDE ELECTRONIC CONTROLS has appointed Mr J. Newsome as a director.

★

Mr Malcolm J. Smith, managing director of Alex Lawrie Factors, has been elected chairman of the ASSOCIATION OF BRITISH FACTORS. He succeeds Mr Roger A. Pilcher, managing director of Credit Factoring International.

★

Mr John Burns has been appointed company secretary of UNITED NEWSPAPERS in succession to Mr K. F C. Elgar who has resigned. Since 1981 Mr Burns has been deputy chief executive of the Horserace Totalisator Board (the Tote) which he joined 10 years ago as company secretary and legal adviser.

★

Mr Randall L-C Caudill has been appointed a director of MORGAN GRENFELL INC.

★

Mr G. C. R. Harrison has been appointed managing director of JAMES HALSTEAD. He has been deputy managing director for the past six months, prior to which he was manufacturing director.

★

Mr Charles M. Winter, managing director of the Royal Bank of Scotland has been elected chairman of the COMMITTEE OF SCOTTISH CLEARING BANKERS. He succeeds Mr D. Bruce Pattullo, treasurer and general manager of the Bank of Scotland.

★

Mr Alan Ogden and Mr Harry Spencer-Smith have been appointed associated directors of CHARLES BARKER LYONS.

★

McDONALD'S GOLDEN ARCHES RESTAURANTS has promoted four senior managers: Mr Kevin Haag has been appointed vice-president, London operations officer and a board director. Mr Joseph (Rick) Ritchie becomes vice-president, personnel and training. Mr Haag and Mr Ritchie were in the team of four Americans who brought McDonald's to the UK in 1974. Mr Philip Cobden has been made vice-president, chief real estate officer, and Mr Dave Richards is now vice-president, chief construction and equipment officer.

★

Mr Bernard Marks has retired as chairman of the ALFRED MARKS GROUP and is succeeded as chief executive by Mr Brian Jeffery, who has been managing director of the group since 1981.

★

Mr John H. B. Ketteley has been appointed an executive director of BARCLAYS MERCHANT BANK from October 17. He was previously with REA Brothers and S. G. Warburg.

Chief for historic buildings commission

Lord Montagu of Beaulieu, chairman of the HISTORIC BUILDINGS AND MONUMENTS COMMISSION, has appointed Mr Peter Rumble as chief executive designate. Mr Rumble is an under secretary in the Department of the Environment and is currently head of the directorate of ancient monuments and historic buildings. The Historic Buildings and Monuments Commission for England is a new body being established under the National Heritage Act 1983. The Commission is to secure preservation of ancient monuments and historic buildings in England and to increase the public's knowledge and enjoyment of them. It will replace two standing committees, the Historic Buildings Council for England and the Ancient Monuments Board for England.

★

Mr R. G. Lewis, chairman of Chubb Holdings (North America), and Mr P. G. Crossland, managing director of Chubb Fire Security, have been appointed to the board of CHUBB & SON. Mr John Dodd has become group secretary and legal adviser on the retirement of Mr C. E. Kemble.

★

Mr Christopher Smith and Mr David Young have been appointed to the London board of BURSON-MARSTELLER. Mr Smith heads the city and financial group and is a former assistant vice-president of Morgan Guaranty Trust and financial adviser with Burmah Oil. Mr Young is also managing director of Sponsorplan International, a joint venture formed by Burson-Marsteller and West Nally sports event marketing company.

★

At UNITED TRUST & CREDIT ("UTC") Mr Richard M. Lebus has joined the board and been appointed company secretary. He has also become finance director and company secretary of the subsidiaries, UTC Trading Corp and United Loan Corp. Mr Lebus was previously a senior manager with Arthur Anderson. Mr John Passey who is a director of UTC Securities Management, has been appointed to the board of United Trust & Credit, and Mr Brian Steed has become a non-executive director. Mr Steed recently retired as manager of the Marble Arch branch of Barclays.

Aran Energy to raise I£7.1m

ONE OF Ireland's few oil exploration companies is turning to its shareholders for fresh funds to pursue further drilling.

Aran Energy is making e one-for-three rights issue of 21.59m shares at 35p each to raise I£7.1m. Shareholders outside the Republic may subscribe at 28p a share.

The issue follows a bout of enthusiasm for Irish oil stocks in the late summer sparked by the Gulf Oil's successful drilling in the Celtic Sea. That find, in block 49/9, is yet to be confirmed as commercially viable though it is widely anticipated that will happen within e few weeks.

At the peak of frantic buying that surrounded the find, Aran's share price shot up to 71p valuing the company at £46m. Earlier this year the price had been as low as 9p, for a market capitalisation of £5.8m. Yesterday Aran's shares held steady at 40p.

Aran reads Gulf's find in 49/9 as suggesting significant possibilities for its own licence interests. It has direct interests in seven blocks in the Celtic Sea in addition to its overriding royalty interest in Marathon. Aran has a stake in all oil and gas production for 37 offshore blocks held by Marathon Petroleum. The royalty is calculated as 10 per cent of the operator's net income and Aran has 74.7 per cent of the royalty.

The discovery well in 49/9 is approximately one mile from the boundary of the royalty area. Aran says thet recent developments have increased the likelihood of further commercial finds in the royalty area.

The money being raised will be used to finance the exploration programme into 1986. At present the plan is for two wells in the Celtic Sea, though the directors see the need for further investment, and five wells onshore in the north west. These together with e small North Sea commitment would account for 75 per cent of the rights money. With the balance accounted for by a well in the Porcupine Basin.

The company has arranged bank facilities of I£5.7m to refinance existing short term debt

The issue is underwritten by the Investment Bank of Ireland, Morgan Grenfell and Smurfit Finance. Brokers to the issua are J. and E. Davy in Dublin and Cazenove in London.

● comment

Why has Aran decided to pitch in with e rights issue now rather than wait until next month when everyone believes Gulf will proclaim 49/9 commercially viable? Surely that would be as positive e fect as anything to underpin an issue even if Aran lacks e stake in that particular block. Perhaps there is some depressing news on the way as well. Rumours have it thet some of the other wells are disappointing. Still at least e rights issue now has the merit of getting existing shareholders to pick up stock st 28p a go. If the oil sector is abent to undergo another bont of enthusiasm (Gulf's expected announcement could set it going again) from the shareholders point of view the timing looks right. Undoubtedly the "hope factor" looms large in the share price and Irish oils are nothing if not speculative. Until it has successfully landed some major finds of its own Aran must be regarded as a dealing stock, any further investment should be made in that spirit.

Chesterfield Properties rises to £2.8m halfway

Progress has been made by Chesterfield Properties in the first half of 1983, and the interim dividend is being lifted from 3.5p to 3.75p net.

Turnover improved from £3.87m to £4.15m, and the profit moved up from £2.46m to £2.77m subject te tax of £1.44m (£1.28m). Earnings are 6.78p (6p),

Turnover for the period comprised rental income £3.77m (£3.49m), income from listed investments £79,000 (£132,000), and management and guarantee fees last time of £28,000, and other activities £306,000 (£221,000). Interest of £828,000 (£807,000) gross arising on properties held for, or in course of, development has been capitalised.

For the whole of 1982 profit before tax came to £5m and a total dividend of 8.25p was paid.

Munton Bros. rights

The rights issue by Munton Brothers of 4,713,710 ordinary shares of 10p each has been taken up by shareholders te the extent of 4,563,643 ordinary (96.81 per cent). The remaining 150,067 ordinary have been sold in the market at a premium over the issue price of 35p.

Alison Hogan looks at Michael Page's move to the USM

Rapid expansion into financial appointments

Michael Page, the international recruitment consultants which specialises in accountancy, banking and financial appointments, is coming to the Unlisted Securities Market. It is likely to have a market capitalisation of around £5m and place 25 per cent of its capital in e mix of new and existing shares.

The business has grown rapidly since the day in 1976 when Michael Page and Bill McGregor met in an employment agency. Both had accounting experience, were looking for jobs and were disillusioned with the service available. They decided there was a hole in the market which they could fill and borrowing £4,000 from the bank found small premises over a laundrette in Maida Vale and opened shop.

From these modest beginnings they soon developed a niche in the recruitment busines. They began by specialising in the sector they knew best—accountancy—and now heve most of the major accounting firms as clients.

David Sattin the third executive director with Page and McGregor was one of the first hopefuls who wandered into the office in answer to a job advertisement—though it was 18 months later before he actually joined the partnership. Many of the now 65-strong staff of the agency were similarly recruited from the other side of the desk.

"We wanted people who were experienced in a sector we recruited for," says Michael Page. So there are a number of qualified accountants and bankers on the staff as consultants.

"We also look for a high degree of commitment which means being willing to work after nine to five and weekends if that is what the cliant wants," says Mr Page.

Thet kind of commitment has been won through incentives and promotion, both readily accommodated through the rapid growth of the business.

In the year to December 1982 Michael Page mede pre-tax profits of £219,000 on turnover of £1.47m, an 80 per cent increase in profits over 1981 on a 51 per cent increase in turnover. It is a performance that it should be able to approach again this year—and although no profits forecast has yet been published—a figure around £450,000 is on the cards, with a prospective p/e abova 20.

The business soon outgrew its Maida Vale office and the headquarters are now based in Southampton Row WC1. Regional offices have been opened in Birmingham, Leeds, Manchester and Glasgow. Each office has its own consultants and acts as a separate profit centre. The London office manages the international side of the business which is now substantial.

Expansion in the U.S. is one possible development which the fund raising exercise could facilitate. Michael Page has informal links with a U.S. recruitment agency and recently opened a New York office. Its commission rates, 20 per cent at the top end and everaging around 17.5 per cent compare with an everage of 30 per cent in the U.S,. eccording to Page.

There are certain sectors such as computer appointments, and headhunting et the top £40,000 plus eod where Michael Page has hardly ventured and might with time wish to go.

All these plans are still speculative, but e public quotation, expected in six to eight weeks time guided by stockbrokers Phillips and Drew, marks an important step towards e new broeder level of activity.

United Packaging

Sales by United Packaging in the first four months of the current year were up 20 per cent in the UK and 8 per cent in Zimbabwe, in both cases evenly distributed over the various sectors, Mr Ernest Ascher, the chairman, told the annual meeting.

Guildhall Property tax benefit

Pre-tax profits of Guildhall Property Company edged ahead from £1.1m to £1.14m for the 12 months to June 30, 1983. At halfway, taxable figures had risen slightly to £565,370, against £585,690.

The year's dividend is raised from 5.55p to 6p net per 25p share, with a final of 5.25p—a final not less than last year's 4.8p had been forecast.

Earnings per 25p share rose by 3.2p to 11.8p. After a lower tax charge of £406,500 (£564,500) and also an extraordinary credit of £18,392 last year, net profits increased from £554,500 to £730,792.

An open market valuation of the group's properties carried out at June 30, 1983, totalled £15.14m (£14.38m). The surplus arising of £509,687 after adjusting for costs incurred during the year, has been transferred to capital reserve.

Amber Day

Amber Day Holdings has decided to close its outerwear manufacturing subsidiary F. Ellis and Co to avoid e repetition of the "unacceptable" losses sustained earlier this year

The company's operations are being run down and although a substantial write-off will inevitably arise on closure, the drain on group resources will cease and liquidity will improve

Midland Marts up after six months

LOWER INTEREST charges, down from £55,000 to £6,000, more than offset e reduction in trading profits and left the taxable surplus of Midland Marts Group ahead at £201,000 for the half year ended July 29 1983, against £170,000.

Turnover was little changed at £1.28m (£1.25m) and the interim dividend is unchanged at 1.25p net—last year's final payment was 2.75p and pre-tax profits amounted to £524,091 (£505,623).

Mr J. F. Watson, chairman, says the group should make further progress in the second half.

After tax of £88,000 (£65,000) and an extraordinary credit of £60,000 (nil) the attributable balance came through et £173,000, compared with £105,000. Earnings per 25p share of this USM company are shown as 3.3p (3.2p).

Mr Watson says that es part of the compeny's expansion policy, the businesses of Shipways and Robert Young were acquired as e result of which Midland now operates the "most comprehensive land and estate agency business in the Midlands."

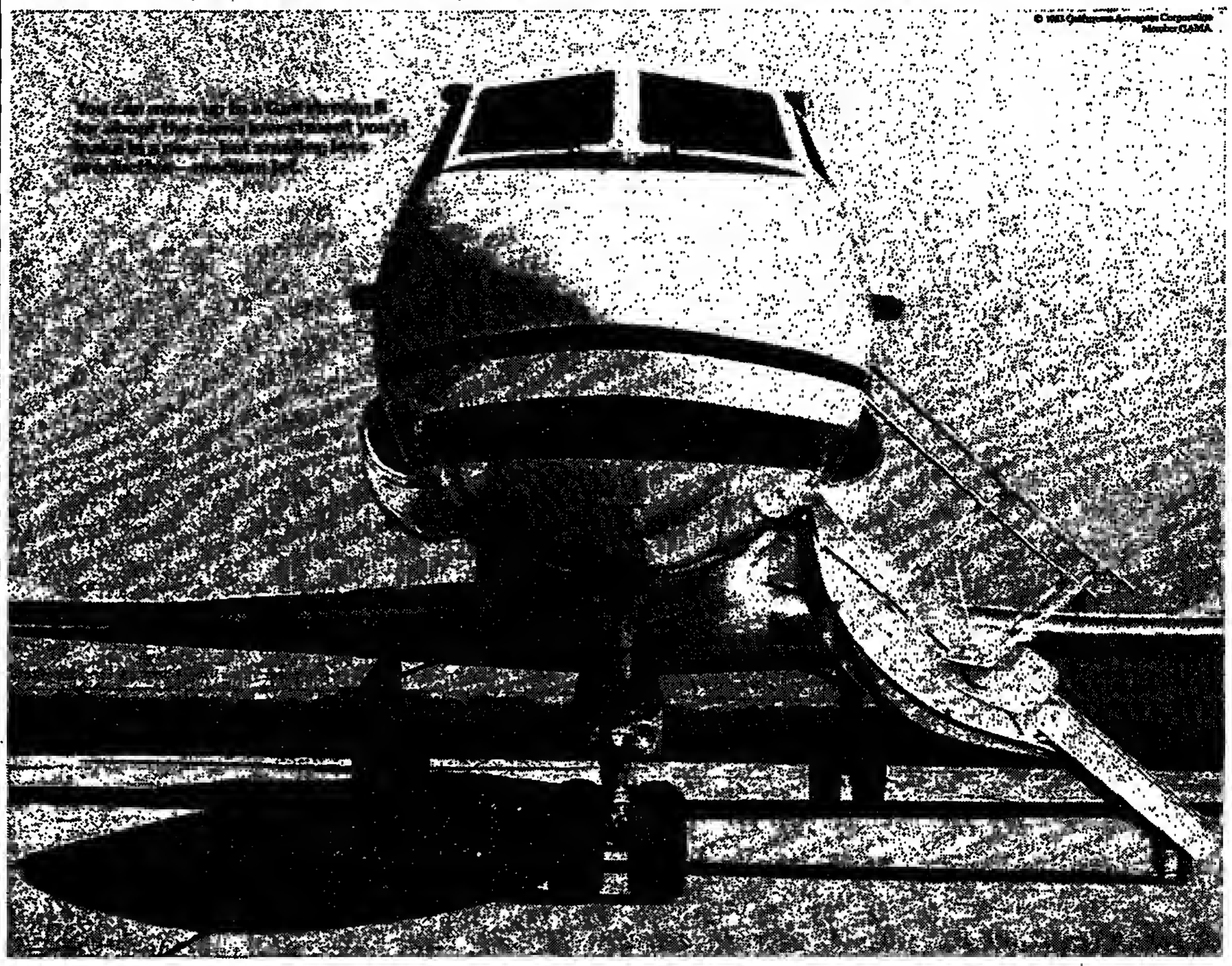
He adds that the composition of the group, now covering livestock euctioneering, land and estate agency and specialist computer software, is more broadly based.

AGB still growing

Mr Bernard Audley, chairman of AGB Research, the consumer and industrial market research organisation, told the annual meeting of his "every confidence" thet the current year would show further satisfactory results.

Turnover in the first half to date had continued to grow, he told members.

In the year ended April 30 1983 turnover expanded by £20m to £63m and profits by £1m to £6m.



THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

The long haul back to recovery

Nick Garnett on how Coles, Europe's largest crane maker, is coping with recession.

THE "GROWTH story of Europe's leading crane manufacturer" is an impressive 64-page company history highlighting the engineering and commercial prowess of Coles Cranes.

Peppered with photographs of odd-looking vehicles beavering away at gasworks and dockyards in Victorian Britain the last few pages are crammed with the company's more recent models in their distinctive yellow and black livery.

But the story of the "crane maker to the world" only chronicles the history of what was once the world's biggest producer of mobile cranes up to 1979. Four years later Coles is in the midst of one of its grimmer chapters.

Today the company's managers and workforce are striving under the watchful eye of the company's banks to stop a haemorrhage of the business, to shore up its market share and to lay a stronger foundation from which to grow in the future. In line with this policy its labour force, now 1,400, has been slashed by more than 800 this year alone.

Coles' problems are most vividly illustrated by the fact that the crane maker contributed the largest slice of the £14m loss recorded last year by the Acrow construction and materials handling group, which bought the company 11 years ago.

Acrow is itself engaged in rationalisation in an attempt to cut losses; this has included the closure of one process plant manufacturing site and withdrawal from the making of steel tubes.

With those kinds of figures leaping out of the balance sheet the banks told Coles that its progress would be monitored closely by the institutions which lent it money and that its management needed beefing up.

Consultants Coopers and Lybrand were called in with the result that Duncan Wordsworth, a production-orientated manager from GKN and Maurice Hetherington on the financial and commercial side from David Brown, both arrived this spring.

Since then the pace of change has increased rapidly. Apart from labour cutbacks, Coles now has its product and marketing strategy under the microscope, is moving through a radical shift in the utilisation of components and has made some fundamental changes in manufacturing systems and working practices. Over the past few months these have included the introduction of multi-machine manning by operators, a shake-up of inspection methods and the setting up of a more efficient manufacturing system linked to reorganised stores and workshops.

It is a mark of how fast things have been moving that Wordsworth, the new deputy managing director, can say: "I hope all the cutting has been done. What we are talking about now is making it work. I've never seen a business pulling together to make that happen like this one."

Nor is this feeling confined to management. "We're going to win and we're going to be building a lot of cranes," says Ron Stafford, the Amalgamated Union of Engineering Workers' convenor.

Like most major British companies Coles has increasingly been forced to rethink its approach to the market over the last few years, introducing computer controlled metal cutting machines, for example, during the 1970s. In 1979 the company negotiated a limited flexibility deal with its unions which allowed fitters to be moved from one work area to another depending on work loads, and introduced greater movement between millers, turners and grinding machine operators.

Production processes and design flexibility were coming under close scrutiny at Coles.

Ron Stafford, Peter Davidson and Duncan Wordsworth: the shopfloor is proud of what it makes

But this was given a big push with the arrival in January 1982 from Otis Elevator of Norman Cunningham as Acrow group managing director and Coles' chairman. Cunningham's hard-headed philosophy of maximising plant utilisation has complemented Coles' entrepreneurial spirit.

From the beginning of last year a programme of component rationalisation has been put in hand under Coles' engineering and marketing director Peter Steel, a member of the family whose company, Steel and Co., purchased Coles 44 years ago.

One result of this is that within the same capacity bands, rough terrain cranes, truck cranes and all-terrain cranes (capable of rough terrain work but with high speed road capabilities) now have the same basic superstructure. The five-axle Octag 870 truck crane, for example, now shares the same crane superstructure with the Husky 680 rough terrain vehicle.

The company's Glazebury plant in Manchester was also closed last year with the loss of 300 jobs; 400 jobs went at the beginning of this year at Sunderland and the smaller Grantham plant in Lincolnshire which makes rough terrain units below 35 tonnes. The last pay increase for the workforce was in 1981.

Since April and the arrival of the two new managers Coles has been subjected to more rapid changes.

A second round of 400 job losses has been implemented. Its marketing and product strategy is being examined by outside consultants to see where effort should best be concentrated.

Though market cover is not being reduced Coles is accelerating its move towards design flexibility in order to reduce the variety of its machines and is seeking to cut by a half the number of different components it uses.

Wordsworth says he would prefer just one engine option per crane range in a move to single sourcing. (Coles' principal engine suppliers are Deutz and Cummins.) Component quality and pricing is now under much closer scrutiny.

Over the past few months a system of "shortage free build" has been introduced at the Crown works in Sunderland. This means that the material needed to complete a particular job is grouped together in stillages before the job is allowed to start. This reduces component shortage—induced work stoppages which Peter Davidson, the electricians' union deputy convenor says used to be a common problem. This has been linked to the removal of a gaggle of separate stores and their concentration into a single computer-controlled one.

Inspectors in the manufacturing areas have been removed as a group and quality and tolerance inspection is now in the hands of the operatives. This, says Stafford, has cut out time-consuming double-checking and has, in fact, improved quality. Former fitters now lend their skills during the final inspection of vehicles in the open-air test zone.

The sheetmetal workshop and the machineshop have been merged and multi-machine manning brought in. This has involved the relocation of some machines but its full benefits will only materialise when order batches are larger.

Flexibility has been further extended by, for example, boilermakers working with sheet metal workers on cab building.

Double shift work on some NC machinery has also been introduced and senior management is insisting that the pressure to get vehicles out of the factory should in no way compromise quality.

Wordsworth says there is still more to do on the shop floor—improving welding efficiency, reducing inventory levels, introducing some new machinery.

Coles now has a series of weekly briefings with the workforce. "We are not in the secret service business," says Wordsworth. "I like to think we are in the business of making people know why we are doing things, solving problems rather than stuffing solutions down people's throats."

It's a sign of the atmosphere at Coles that even after a series of sacrifices on the part of the workforce the company prefers shop stewards to conduct a journalist on a tour of Crown works and to take part in interviews on where the company is going next. The shop floor is proud of the cranes it makes and lets you know it.

COLES

A shrunken market

LIKE ITS international competitors, Coles Cranes, whose main manufacturing is concentrated on 100 acres of riverbank in Sunderland, Tyne and Wear, has been hit hard by recession. Worldwide markets have shrunk by 40 per cent since 1979 when 20,000 mobile cranes were sold.

The slump has killed off 25 crane builders in these years and forced the U.S. manufacturer P and H to cut its American workforce from 8,500 to 3,200. One estimate puts capacity utilisation worldwide at only 40 per cent.

Coles has been cushioned to some extent by having no export business with Japan or the U.S., the two biggest markets and the ones most responsible for the collapse in demand. But even so it only sold 700 units last year, 400 less than three years before. Coles, whose turnover last year was £75m, has also seen its league position slip during the past decade, largely under the pressure of Japanese manufacturing and despite an increase of 6 per cent in its market share in the past two years.

It remains the biggest European manufacturer but in world terms it really leads the second division. The four biggest manufacturers, Kato and Tadano of Japan, P and H (including its Japanese co-manufacturer Kobelco) and Grove of the U.S. each had market shares last year of between 13.4 and 15 per cent. Coles, the fifth biggest manufacturer by volume, had 6.5 per cent with a clutch of companies snapping at its heels.

The company, which normally exports 85 per cent of its output, recently completed a 76 crane order for the Turkish Ports and Railway Authority and has been working on a large British army order and a much smaller one for an Eastern Bloc country.

It is short of orders though and is engaged, like the rest of the industry in scrabbling for every one in a market badly affected by distress selling. It was one of two mobile crane makers left in the bidding for the 330-crane Soviet gas pipeline order but this eventually went to the West German manufacturer, Liebherr.

Notwithstanding the hard examination of the company's product and marketing strategy, engineering and marketing director Peter Steel insists that there will be no weakening of the product line-up. Excluding the huge colossus mobile port crane, this ranges from the small stockyard cranes at £32,000 to the £325,000 Octag 8130 truck crane.

The range has been partly shaped by the success of Coles in being one of the first companies to move into all-terrain vehicles in the past few years.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Liquidation and assets

I wrote two cheques to companies now in liquidation.

(a) Can cheques which have been paid into an escrow account be treated by the receiver as assets of a company in receivership? (b) Could one obtain a writ on the bank not to pay the monies out to anyone else?

(a) If the sums were paid into the escrow account they should not have become part of the companies' general assets, and should eventually be returned to you. (b) A writ should not be necessary: you can seek a written undertaking.

Distraint and liquidation

We have a warehouse property, the tenant of which owes us £780 overdue rent; also we have a claim for breach of covenant, the valuation of which is deemed to be "payable as further rent in arrear." These breaches have been valued, and are fact, and not in dispute, to a further value of £1,408.

We have a letter from the liquidator, "yet to be appointed" as official liquidator by a creditors' meeting.

We believe that we can distrain for rent, once we seize a chance to gain access without forcible entry. If we are unable to get in, can we indeed force an entry and then close up the premises? There are enough goods inside for the distress of both above sums.

You can distrain, but this cannot be done by forcible entry. You should employ a certificated bailiff. This can only be done if the distraint is complete (i.e. sale effected) before the commencement of the company's winding up. Otherwise you can only prove as an ordinary unsecured creditor. You may also wish to consider whether to call on the liquidator to elect whether to disclaim the lease, and if he does not he will have to pay up arrears of rent.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Wednesday October 12 1983

New issues plentiful despite Eurobond price falls, Page 36

WALL STREET

Fed fears fuel quick reversal

A SHARP downward correction developed on Wall Street yesterday as market traders and banks returned to full-scale operation after the partial Columbus Day break, *writes Terry Byland in New York.*

The stock market tried to go forward again but was soon set back by weakness in the fixed interest sector. Leading stocks ran into persistent selling pressure which gathered pace significantly in the last hour of trading to leave the Dow Jones industrial average with a fall of 19.51 at 1,265.14, the biggest one day fall since August 8. Turnover remained below recent levels.

Yields rose sharply in the credit markets, reflecting both a degree of unease over Iran's threat to block oil shipments from the Gulf and, more acutely, renewed doubts over Federal Reserve policies.

The Federal Funds rate remained at 9¾ per cent and the market noted with some disappointment that the minutes of the August meeting of the Fed's Open Market Committee said nothing about easing credit.

The Columbus Day gains in the stock market were quickly reversed as the bond market turned down, although leading stocks had attempted to move forward when the market opened. But it was clear that the reduced level of turnover recorded on Monday had left the latest peak in the market unsupported.

A muted response by oil shares to the Iranian threat suggested that the market's principal worry was the rise in interest rates in the credit markets.

More than half a million shares in Exxon were traded but the price shaded down by only $¼ to $38, and there were falls in the other oil majors of similar proportions. A higher dividend payout from Gulf Oil lifted the shares by $⅛ to $45⅛.

Later Gulf announced that it was forming a holding company, a move seen as intended to ward off possible predators after bouts of recent buying of the shares.

The opening shot in the bank reporting season came from Mellon Bank which fell $1⅜ to $45⅜ on its lower profits for the third quarter. Other bank issues looked mixed, with Chase Manhattan and Continental Illinois a shade easier at $49 and $22⅞ respectively, and Manufacturers Hanover and Citicorp firmer at $41⅜ and $43½.

IBM, the market bellwether, fell $1¼ to $133 while Honeywell at $128 gave up $2½.

Following a Supreme Court refusal to hear appeals in MCI Commmication's lawsuit against AT&T, shares in AT&T were $¾ off at $64⅛, with MCI trading in the Over-the-Counter markets at $14¼, a fall of $⅜.

Motor and rail issues, both favourites in the recent market advance, ran into sellers. General Motors eased $1⅛ to $76⅛, while at $30¾, Chrysler were $1⅛ off and Ford at $66 lost $1¾.

Disappointment with quarterly results from CSX, the old Chessie System railway, brought cautious selling of Burlington Northern, $1½ off at $100, and of Union Pacific, $1⅝ off at $56. CSX at $74¼ was a further $1½ lower.

There was some activity among the heavy metals industry shapes with Kaiser Aluminum $½ off at $20¼ despite a reduced loss for the last quarter. Shares in U.S. Steel remained unchanged at $29 but were heavily traded.

Other features included Lifemark the medical care group, which slipped $1⅝ to $37, to the fore in the list of active stocks after the disclosure that two of its rivals bave made bid approaches.

Corning Glass Works dropped $4⅛ to $75⅝ after several brokerage houses downgraded their estimates for next year's earnings. Mr Edward Schollmeyer of Paine Webber commented: "The shares are vulnerable and will go down further."

In the bond market, investors were discouraged by the renewed doubts over interest rates expressed in some quarters. They also reacted to Friday's disclosure of a jump in M1 money supply and a fall in unemployment, both tending to indicate that the economy may be showing signs of overheating.

Short-term rates were 24 basis points up at first, with the Federal Funds rate remaining at 9¾ per cent, despite customer repurchase arrangements by the Federal Reserve. Later, the three month bill steadied at a discount of 8.79 per cent, a rise of 18 basis points, with the six month bill at 8.96 per cent, 17 basis points up.

The long bond opened at 103²³⁄₃₂ before falling to 103⁵⁄₃₂, a net $1²⁵⁄₃₂ down on Friday's close – effectively the last quotation in view of the Columbus Day break – yielding 11.59%.

KEY MARKET MONITORS

STOCK MARKET INDICES

	Oct 11	Previous	Year ago
NEW YORK			
DJ Industrials	1265.14	1284.65	1012.79
DJ Transport	583.89	589.34	395.61
DJ Utilities	137.04	138.39	122.83
S&P Composite	170.34	172.65	134.47
LONDON			
FT Ind Ord	698.2	701.1	603.9
FT-A All-share	439.42	440.95	376.04
FT-A 500	477.85	479.17	419.22
FT-A Ind	430.77	432.37	392.19
FT Gold mines	572.7	570.9	403.8
FT Govt secs	81.66	81.68	83.56
TOKYO			
Nikkei-Dow	9493.09	9562.48	7361.57
Tokyo SE	696.28	699.6	546.53
AUSTRALIA			
All Ord.	704.7	707.6	523.6
Metals & Mins.	533.8	534.5	432.0
AUSTRIA			
Credit Aktien	54.82	54.83	47.54
BELGIUM			
Belgian SE	128.71	128.73	101.43
CANADA			
Toronto Composite	2505.78	2517.1	1698.00
Montreal Industrials	447.08	448.75	307.97
Combined	425.93	427.51	293.09
DENMARK			
Copenhagen SE	183.03	181.59	90.65
FRANCE			
CAC Gen	141.3	140.9	98.8
Ind. Tendance	150.0	149.7	115.6
WEST GERMANY			
FAZ-Aktien	327.2	327.17	238.43
Commerzbank	969.3	970.4	716.6
HONG KONG			
Hang Seng	735.36	753.96	864.34
ITALY			
Banca Comm.	189.15	191.89	159.57
NETHERLANDS			
ANP-CBS Gen	144.6	143.9	91.7
ANP-CBS Ind	118.4	118.4	70.5
NORWAY			
Oslo SE	216.45	217.6	100.57
SINGAPORE			
Straits Times	952.82	940.96	684.28
SOUTH AFRICA			
Golds	808.0	790.0	759.4
Industrials	923.9	924.2	693.6
SPAIN			
Madrid SE	119.65	118.44	102.61
SWEDEN			
J & P	1471.22	1479.96	688.82
SWITZERLAND			
Swiss Bank Ind	342.3	341.6	257.4
WORLD	Oct 10	Prev	Yr ago
Capital Int'l	185.8	184.9	142.2

GOLD (per ounce)

	Oct 11	Prev
London	$398.625	$400.125
Frankfurt	$398.75	$400.25
Zürich	$398.50	$400.50
Paris (fixing)	$402.88	$401.16
Luxembourg (fixing)	$401.00	$389.25
New York (Oct)	$398.20	$403.20

* Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Oct 11	U.S. DOLLAR Previous	STERLING Oct 11	STERLING Previous
$	–	–	1.5065	1.5105
DM	2.588	2.5885	3.9	3.9125
Yen	232.25	232.85	350.0	352.0
FFr	7.91	7.9260	11.915	11.97
SwFr	2.1045	2.1030	3.1725	3.18
Guilder	2.8995	2.9050	4.37	4.39
Lira	1573.0	1573.0	2369.0	2375.5
BFr	52.7	52.78	79.4	79.7
C$	1.23175	1.23225	1.8555	1.8605

INTEREST RATES

	Oct 11	Prev
Euro-currencies (three month offered rate)		
£	9⁷⁄₁₆	9⁷⁄₁₆
SwFr	4¹⁄₁₆	4
DM	5⅞	5⅞
FFr	15	15⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	9¹¹⁄₁₆	9⅝
6-month U.S.$	9¹³⁄₁₆	9¾
U.S. Fed Funds	9¾	9⁹⁄₁₆
U.S. 3-month CDs	9.15	9.25
U.S. 3-month T-bills	8.78	8.59

U.S BONDS

Treasury	Oct 11 Price	Oct 11 Yield	Prev Price	Prev Yield
10⅜ 1985	100¹⁵⁄₃₂*	10.62*	100²³⁄₃₂	10.39
11⅛ 1990	99³⁄₃₂*	11.50*	101⅛	11.28
11⅞ 1993	102*	11.52*	103¹⁄₁₆	11.30
12 2013	103¹⁵⁄₃₂*	11.59*	105⁵⁄₁₆	11.37
Corporate				
AT & T				
10⅜ June 1990	94½*	11.60*	95¼	11.40
3⅝ July 1990	69⅝*	10.30*	69⅞	10.20
8⅝ May 2000	76⅞*	12.00*	77⅛	11.95
Xerox				
10⅜ March 1993	93½*	11.85*	93⅝	11.75
Diamond Shamrock				
10⅜ May 1993	92⅝*	11.95*	92⅞	11.90
Federated Dept Stores				
10⅜ May 2013	87.822*	12.15*	88.531	12.50
Abbot Lab				
11.8 Feb 2013	97.168*	12.15*	98.347	12.00
Alcoa				
12⅛ Dec 2012	96.892*	12.65*	98.021	12.50

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	71–19	72–15	71–18	72–14
U.S. Treasury Bills (IMM) $1m points of 100%				
December	90.90	91.07	90.88	91.05
Certificates of Deposit (IMM) $1m points of 100%				
December	90.26	90.40	90.25	90.36
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.21	90.26	90.19	90.27
20-year Notional Gilt £50,000 32nds of 100%				
December	106–00	107–02	105–30	106–26

COMMODITIES

(London)	Oct. 11	Prev
Silver (spot fixing)	698.10p	688.00p
Copper (cash)	£970.50	£974.50
Coffee (Nov)	£1891.50	£1887.00
Oil (spot Arabian light)	$28.47	$28.40

TOKYO

Court cases upset the climate

AN EARLY Tokyo firmness on the strength of Wall Street's continued rise proved short-lived yesterday as blue chips and other issues turned down under increased small-lot selling. This was prompted by concern over the Nikkei-Dow average's fast climb to a new high by last weekend, *writes Shigeo Nishiwaki of Jiji Press.*

A court verdict due today on Mr Kakuei Tanaka, the former Prime Minister, in the Lockheed bribery scandal also affected the market climate.

The Dow average of 225 select issues, which closed above the 9,500 mark for the first time at 9,562.48 last Friday, lost 69.39 to finish at 9,493.09. Volume dwindled to 248.50m shares against Friday's 491.13m. Declines outpaced advances 424 to 231, with 184 issues unchanged.

Many traders at major brokerage houses said the stock market has already discounted a "guilty" verdict on Mr Tanaka, who is still a potent political influence, and is alleged to have received Y500m in bribes when Prime Minister. But most investors apparently decided to play it safe and wait for today's Tokyo District Court verdict before making up their minds which way to go.

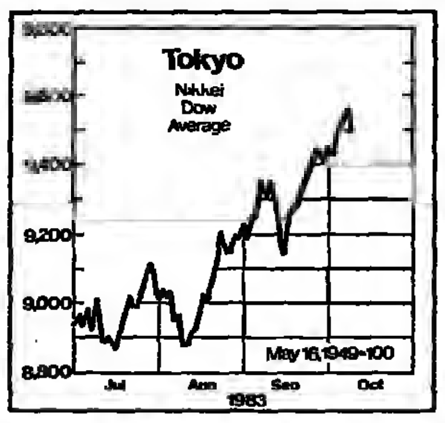
A drop in Hitachi, off Y20 to Y919, pulled down other blue chips and paced a broad decline in an unsettled market. Last week Hitachi settled an IBM-initiated civil case involving computer secrets, but investors are growing concerned that the out-of-court agreement could fetter Hitachi's management strategy in the years to come.

Sony lost Y80 to Y3,780, Matsushita Electric Industrial Y10 to Y1,760, Fuji Photo Y130 to Y2,260 and Honda Motor Y33 to Y997. Large-capital issues also lost ground, with Mitsubishi Heavy Industries off Y4 to Y266, Mitsubishi Electric Y7 to Y450 and Toshiba Y4 to Y380.

Among recently sought asset-heavy stocks, Oji Paper shed Y12 to Y463 and Nippon Expres Y3 to Y304, while Nippon Oil lost Y10 to Y1,170.

Bond prices also weakened as cautious sentiment grew after a sharp rise late last week on speculation that the Bank of Japan would soon lower the discount rate. Another bearish factor was a Trust Fund Bureau operation to sell Y200bn in 7.7 per cent government bonds due in August 1989.

The yield on the barometer 7.5 per cent government bonds, due in January 1993, rose to 7.63 per cent from last week's 7.61 per cent, while the 7.7 per cent bond yield went up to 7.34 per cent from 7.29 per cent.



HONG KONG

THE TENTATIVE two-day Hong Kong rally caved in as impatience grew over a package of monetary reforms, promised a fortnight ago to support the local dollar but still unannounced. The Hang Seng index shed 18.60 to 735.36.

Hang Seng Bank itself shed HK$1.25 to HK$30.50, while Hongkong and Shanghai firmed 10 cents to HK$6.80 ex-dividend; Hongkong Land fell 18 cents to HK$2.27 and Swire Properties 12½ cents to HK$3.85; Swire Pacific dropped 90 cents to HK$12.10 and Cheung Kong 45 cents to HK$5.75.

SINGAPORE

SMALL-SCALE buying support lifted most Singapore sectors as dealings remained thin. The Straits Times industrial index rose 11.86 to 952.82.

Cold Storage regained the S$5 mark with a 10-cent gain, common to DBS at S$9.65 and Straits Trading at S$5.50. Straits Steamship suffered from its deletion from the index on grounds of the company's reduced business standing: it dipped three cents to S$1.93.

LONDON

Membership vote proves distraction

STOCK Exchange members in London seemed more preoccupied with yesterday's vote to admit lay members to the Exchange's ruling council than with genuine business and markets remained sluggish.

The FT 30-share index again dipped below 700 with a loss of 2.9 at 698.2.

Initial interest in government securities centred mainly on index-linked stocks with gains extending to a half following an acceleration of manufacturers' costs in September.

Favourable September money supply figures appeared to have been well discounted.

Mining markets held steady under selling pressure. *Details, page 29; Share Information Service, Pages 30-31.*

AUSTRALIA

ERRATIC BUT cautious Sydney trading reflected an uncertain outlook for the Australian dollar, with light profit-taking amoog recent favourites.

Santos rose 20 cents against the trend to A$7.80 on a Queensland oil find, while last week's gains among interest holders in a Timor Sea well were further eroded: BHP slipped 20 cents to A$12.65, Ampol Exploration five cents to A$3.75 and Weeks three cents to A$1.10.

Mr Robert Holmes à Court's derided bid for BHP closed with acceptances for fewer than 600,000 shares or 0.2 per cent.

SOUTH AFRICA

GOLD SHARES closed higher on balance but below the day's best in **Johannesburg** as the bullion price again slipped below $400 an ounce.

Among heavyweight producers, President Brand ended R1.50 ahead at R51, after a peak of R52, while lightweight Sallies stood 10 cents firmer at R8, after R8.20.

EUROPE

Denmark calls halt to slide

STABILITY returned to the **Copenhagen** share market yesterday after sharp falls on the preceding three trading days, fuelled by fears of a defeat of Denmark's present non-socialist minority coalition, *writes Hilary Barnes in Copenhagen.*

The stock exchange all-share index rose 1.44 to 183.03 after a slide which set in last Thursday had eroded values by some 7 per cent. Bond prices also stabilised once more.

Among the increases were East Asiatic, up DKr 11 to DKr 158; Danske Sukkerfabrikker, DKr 10 better at DKr 715; and Superfos, DKr 8 ahead at DKr 352.

Our Financial Staff adds: A brighter interest rate picture buoyed Swiss and Dutch shares yesterday, but for the rest of the European bourses an emergent period of consolidation left centres bereft of clear direction.

Foreign demand contributed to an **Amsterdam** advance which put the noon daily calculation of the ANP-CBS general index at a new high of 144.8, up 0.9. But weaker early indications from New York prompted a slight retreat in parallel.

Elsewhere KLM added Fl 3.70 to Fl 158.70. Domestic bonds, despite the rate considerations, were little changed.

Zurich extended to a third day of gains as interest rate reductions at the major banks were awaited. The banks themselves traded unevenly, with UBS SwFr 40 ahead at SwFr 3,130 and Swiss Bank a franc weaker at SwFr 302.

News of a strong output performance by the chemical industry pushed Sandoz SwFr 75 higher at SwFr 6,825, Ciba-Geigy SwFr 35 up at SwFr 2,170 and the unofficially traded Hoffman-La Roche SwFr 25 ahead at SwFr 9,100. Domestic bonds gained as much as half a point.

The prospect of new Italian corporate taxes again distressed **Milan**, halting Monday's rally. Fiat shed L46 to L2,973 and Centrale, responding to a disappointing first half fell L103 to L1,467.

Follow-through buying failed to develop in sufficient volume to sustain **Frankfurt**: while the Commerzbank index dipped 1.1 to 969.3 its FAZ counterpart firmed a bare 0.03 to 327.20 and most quotations recorded modest rises.

A firm bond market allowed the Bundesbank to sell DM 21.5m in paper.

The rejection by Mr Wilfried Martens, the Belgian Prime Minister, of any devaluation of the Belgian franc allowed **Brussels** to recoup some losses – restrained still by a discount rate rise which might ensue instead.

A mixed **Paris** had Générale des Eaux FFr 15 ahead at FFr 418 but l'Oreal off FFr 20 to FFr 2,010, with bonds weak; a dull **Stockholm** day was featured again by Pharmacia, up SKr 15 at SKr 430; and a **Madrid** revival helped Petroleos Pta 4.50 upward at Pta 97.50.

CANADA

A MIXED showing emerged in light trading in **Toronto**, where the gold sector showed the most substantial declines. Oils were slightly ahead, as were pipelines. **Montreal** was mainly firm led by industrials, utilities and papers while banks dipped slightly.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 27

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22⅛	7¼	AAV	.32	2.2	13	13	14⅞	14¼	14¼	-⅛
6⅞	2	ATI				67	2½	2⅜	2⅜	-⅛
12¾	2⅞	AcmePr			9	29	6⅞	6⅝	6½	-¼
19½	11⅞	AcmU	s .32	2.1	18	6	15½	15⅛	15⅛	
14½	1¼	Action	s		16	129	13¼	12⅞	12⅞	-⅛
12	6	Actons	.11	14.	35	87	7½	7¼	7¼	-¼
8	1¼	AdmRs				15	4½	4⅜	4½	+⅛
30⅞	16⅛	AdRusl	s .10	.4	18	57	25¼	24⅞	25	+⅛
28⅞	14¾	Adobe	.20	.9	15	248	23	21¼	21½	+¼
5⅞	2	AegisCp			16	270	4⅜	4⅛	4¼	+⅛
7	4	Aeronca			8	42	4¼	4½	4½	
32½	12	AffilHsp	.36	1.6	11	6	24½	24¼	24½	+⅛
45	19½	AlfPb	s .54	1.3	16	11	41¼	41¼	41¼	-⅜
17½	4	AlftStr			13	79	13	12½	13	+½
15½	5⅞	AirExp				59	7¼	7¼	7¼	-¼
5½	4⅞	Alamc	n		11	48	5⅛	5⅛	5⅛	-⅛
23⅜	4¼	AlbaW	.15e	1.1	11	13	13½	10⅞	13⅜	-¼
70	45⅞	AlgC	wi			4	62⅛	62	62	-1⅛
12¾	3	AlnTr	s			5	6¼	6⅛	6¼	
18¼	5¼	AlohaA				9	6⅞	6⅝	6¼	-⅛
28¼	15¾	Alphal	s .05	.2	65	176	22¼	21⅞	21¼	+¼
22	9⅞	AltamB	.40	1.8	12	3	21¼	21⅛	21¼	
1⅝	⅛	Altec	v			169	⅛	½	½	-⅛
2⅞	1⅛	Altex				118	2½	2⅛	2⅛	
11-16	1-16	Altex	wt			13	½	½	½	-⅛
57	28½	Alcoa	pf3.75	12.		z450	33	32½	30½	-1
32½	11⅛	AlzaCp				416	19	17⅞	18¼	-½
28⅞	12½	Amdhl	s .20	1.1	52	690	19¼	18¼	18¼	-½
25⅞	6⅞	Amedc	s .08	.4	26	34	18⅝	18¼	18⅝	
7½	5½	ABIR	s .15	2.7	31	7	6½	5½	5⅝	
[illegible]										

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
61	20¾	UnIvFd	1.04	4.1	13	114	25⅝	25⅜	25⅜	-¼
42¾	20	UnLeaf	1.72	4.2	10	45	42⅛	41¾	42¼	+½
37⅞	24½	Unocal	1	3.8	7	3781	30⅛	29¼	29⅜	-⅛
68¾	42¾	Upjohn	2.28	3.7	14	572	61⅞	61¼	61¼	-⅛
28	21⅛	USLIFE	.88	3.3	7	397	27⅛	26¾	26⅞	-½
28½	23¾	USLF	pf2.25	8.3		16	27⅜	27	27¼	-⅛
13	8½	UslfeFd	1.04e	11		45	9½	9½	9½	
24⅛	20	UtaPL	2.28	9.3	9	462	24⅛	23⅞	24	-⅛
25¾	22¼	UtPL	pf2.80	12.		10	24⅜	24⅛	24⅛	
27	22⅞	UtPL	pf2.90	12.		10	25	24¾	25	
22	18½	UtPL	pf2.36	12.		31	20⅝	20	20	-½
20¼	16½	UtPL	pf2.04	11.		11	18¼	18	18	-⅛
V-V-V										
82¾	33	VFCp	s1.60	2.4	10	532	65½	64⅛	65⅛	+1⅛
36¾	17¼	Valero	.40	1.6	10	757	29⅛	27⅞	27⅞	-1⅛

Continued on Page 28

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-when distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

R—R—R … S—S—S … T—T—T … U—U—U … V—V—V … W—W—W … X—Y—Z

NEW YORK CLOSING PRICES

Continued from Page 27

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

W—W—W … X—Y—Z

CANADA

(Closing Prices) Stock	Oct 11	Vars.
AMCA Inc	22¾	-⅛
Abitibi	24	-
Agnico Eagle	17¾	+1¼
Alberta Energy	22½	+⅛
Alcan Alumin	46⅞	-⅛
Algoma Steel	21¼	+⅛
Asbestos	11⅛	-
Bk Montreal	27¾	-⅛
Bk Nova Scotia	44⅝	+⅛
Bell Canada	29¼	-
Bombardier A	15¼	-
Bow Valley	25⅞	+⅛
B P Canada	-	-
Brascan A	37⅞	-
Brinco	3.15	-
B. C. Forest	12	+⅛
CIL Inc	29⅛	-
Cadillac Fairv.	6⅞	-⅛
Can Cement	-	-
Can NW Energy	27¼	+1¾
Can Packers	25⅛	+⅛
Can Trustco	45	+⅛
Can Imp Bank	21⅜	-⅛
Canadian Pacific	50⅜	-⅛
Can. P. Ent.	23½	+⅛
Can Tyre A	57½	-
Carling O'Kfe	24	-1
Chieftain	17⅞	-
Cominco	53⅛	+⅛
Cons Bathst A	27¾	+½
Coseka Resources	4.0	+0.05
Costain	10	-⅛
Denison Mines	44½	-⅛
Dofasco	53⅞	+1⅛
Dome Mines	16⅛	-⅛
Dome Petroleum	4.35	-0.1
Dominion Strs.	22⅛	-⅛
Domtar	27⅞	-⅛
Falconbridge	76¼	-⅛
Genstar	29⅝	-⅛
Grant Y'knife	25½	-1⅛
Gt West Life	250	-
Gulf Canada	18½	-⅛
Hawk Sid Can	17⅛	-
Hudson's Bay	23⅛	-⅛
Husky Oil	11⅛	-⅛
Imasco	32⅛	-⅛
Imp Oil A	37⅞	+½
Inco	19⅞	+⅛
Indal	10⅝	-1
Interpr Pipe	30⅝	+⅛
LAC Minerals	-	-
Macmil Bloedel	29⅝	+⅛
Marks & Spencer	12¾	-
Massey-Ferg	6⅝	-⅛
McIntyre Mines	39¾	-½
Mitel	16⅞	-⅞
Moore Corp	58⅛	+1
Nat. Sea Prods A	8⅜	-
Noranda Mines	25⅛	-⅛
Numac Oil	25⅛	-⅛
Nova Alberta	7	-
Nthn Telecom	54¾	-2⅝
Oakwood Pet	10¾	-⅛
Pancanadian Pet	28⅞	-⅛
Patino	8	-
Placer Dev't	24	-⅛
Power Corp Can	19⅛	-⅛
Quebec Sturgeon	8⅛	-⅛
Ranger Oil	12¾	-⅛
Reed Stenhse A	13½	-
Rio Algom	18⅝	-⅛
Royal Bank	32⅞	-⅛
Royal Trustco A	27¼	+⅛
Sceptre Res	6⅞	-
Seagram	43⅞	+⅛
Simpsons Sears A	-	-
Shell Can Oil	27	+⅛
Steico	29½	-½
Tech B	12⅛	-
Texaco (Canada)	32½	-⅛
Thomson News A	36	-
Toronto Dom Bank	16¼	+⅛
Transalta A	21¾	+⅛
Trans. Can. Pipe	23½	-⅛
Walker Hiram	26½	+⅛
Westcoast Trans	15	-⅛
Weston (Geo)	62	-

AUSTRIA

Oct. 11	Price Sch's	+ or —
Creditanstalt	211	.....
Goesser	320	−1
Interunfall	410	.....
Landerbank	212	.....
Perlmooser	342	.....
Steyr Daimler	150	.....
Veitscher Mag	208	.....

BELGIUM/LUXEMBOURG

Oct. 11	Price Frs.	+ or —
ARBED	1,328	+14
Banq Int A Lux	4,550	.....
Bekaert B	2,950	−10
Ciment BR	1,595	.....
Cockerill	173	+7
Delhaize	4,445	−30
EBES	2,290	.....
Electrobel	6,160	−30
Fabrique Nat	2,330	−15
G.B.L. Inno	2,940	−10
FBL Brux	2,425	−55
Gevaert	2,490	−10
Hoboken	4,550	−40
Intercom	180	+2.5
Kredietbank	6,250	−50
Pan Hldgs.	9,200	.....
Petrofina	5,750	+10
Royale Belge	7,050	+50
Soc. Gen. Banq	2,525	−5
Soc. Gen. Belge	1,830	.....
Sofina	4,940	−30
Solvay	3,400	−65
Traction Elect	5,205	−15
UCB	4,025	+25
Vieille Mont	5,580	−15

NETHERLANDS

Oct. 11	Price Fls.	+ or —
ACF Holding	171.8	.....
Ahold	176.8	−0.5
AKZO	78.2	+0.5
ABN	374.5	+1.5
AMEV	138.6	+1.7
AMRO	63.5	+0.7
Bredero Cert	177	.....
Boskalis Westm	46.8	−0.1
Buhrmann-Tet	65.5	+2.5
Caland Hldgs	34.8	+0.2
Credit Lyon's Bk	45.2	.....
Elsevier-NDU nv	448	+12
Ennia	164	+0.6
EuroCom Tst	106	.....
Gist. Brocades	167	.....
Heineken	154	.....
Hoogovens	56	.....
Hunter Douglas	18.4	.....
Int-Muller	22	+1.4
KLM	158.7	+3.7
Naarden Intl	44	−0.2
Nat Ned Cert	182.5	−1
Ned. Credit Bank	83.4	−0.4
Ned Mid Bank	156	+1
Nedlloyd	95.1	+0.1
Oce Grinten	212	−1.5
Ommeren (Van)	31.9	+0.4
Pakhoed	38.5	−0.1
Philips	46.5	−0.1
Rijn-Schelde	3.9	.....
Robeco	325	+2.5
Rodamco	127.7	+0.4
Rolinco	314.5	+3.5
Rorento	196.4	−0.1
Royal Dutch	135.9	+3.5
Unilever	226	.....
VMF Stork	88.7	+2.2
VNU	126	−3
West Utr Bank	105	−0.5

NORWAY

Oct. 11	Price Kroner	+ or —
Bergens Bank	159	−1
Borregaard	165	+2.5
Christiania Bk	152	−2
Creditbank	140	−7
Elkem	117.6	−2.6
Norsk Data	265	−5
Norsk Hydro	542.5	+7.6
Storebrand	182.5	.....

SPAIN

Oct. 11	Price Pesetas	+ or —
Bco Bilbao	246	.....
Bco Central	256	.....
Bco Exterior	212	.....
Bco Hispano	207	.....
Bco Santander	287	.....
Bco Vizcaya	209	+8
Dragados	132	+3
Hidrola	45.2	+0.2
Iberduero	41	+0.5
Petroleos	97.6	+4.5
Telefonica	21	+9

SWEDEN

Oct. 11	Price Kronor	+ or —
AGA	265	.....
Alfa-Laval	274	+4
ASEA (Free)	360	−5
Astra (Free)	650	−6
Atlas Copco	111	.....
Boliden	401	−3
Cardo	400	−7
Cellulosa (Free)	165xe	−4
Electrolux B	263	−1
Ericsson	454	−8
Esselte (Free)	300	−2
Fagersta	400	.....
Mo Och Domsjo	345	+5
Pharmacia (Free)	430	+16
Saab-Scania	252	−6
Sandvik B (Free)	238	−6
Skandia	230	−5
Skan Enskilda	311	+1
SKF B	164	−1
St. Kopparberg	550	−5
Sven Handelsbn	180	.....
Swedish Match	246	+2
Volvo B (Free)	422	−1

SWITZERLAND

Oct. 11	Price Frs.	+ or —
Alusuisse	780	+5
Bank Leu	4,225	.....
Brown Boveri	1,200	.....
Ciba Geigy	2,170	+35
do. (Part Certs)	1,740	+20
Credit Suisse	2,105	.....
Elektrowatt	2,810	+10
Fischer (Geo.)	600	−10
Genevoise	2,450	.....
Hoff-RochePtCts	91,000	+250
Hoff-Roche 1/10	9,100	+25
Jacobs Suchard	6,150	−75
Jelmoli	1,730	.....
Landis & Gyr	1,440	+10
Nestle	4,025	+10
Oer-Buehrle	1,270	−45
Pirelli	268	.....
Sandoz (Br)	6,825	+75
Sandoz (PtCts)	1,055	.....
Schindler (PtCts)	450	.....
Swissair	858	.....
Swiss Bank	302	−1
Swiss Reinsce	6,800	.....
Swiss Volksbk	1,410	+10
Union Bank	2,180	+40
Winterthur	2,770	+20
Zurich Ins	17,075	+150

DENMARK

Oct. 11	Price Kr ₤	+ or —
Aarhus Olie	496	.....
Andelsbanken	270	.....
Baltica Skand	485	.....
CopHandelsbank	241	−1
D. Sukkerfab	716	+10
Danske Bank	960	−2
East Asiatic	158	+11
Forende Bryggerier	1,195	.....
Forende Damp.	173	.....
GNT Hldg	475	.....
I.S.S.B.	635	−25
Jyske Bank	605	.....
Novo Ind	3,250	+20
Privatbanken	261	−2
Provinsbanken	295	+5
Smidth (F)	238	.....
Sophus Berend	921	−24
Superfos	252	+6

FRANCE

Oct. 11	Price Frs.	+ or —
Emprunt 4½% 1973	1,971	−9
Emprunt 7% 1973	9,840	−112
CNE 3%	5,020	−20
Air Liquide	494	+6
BIC	560	−3
Bouygues	724	+10
BSN Gervais	2,200	+29
CIT-Alcatel	1,335	+6
Carrefour	1,339	+2
Club Mediter'n	676	−6
CFAO	536	−4
Cie Bancaire	362	+1
Cofimeg	180	−2
Creusot Loire	47.1	−4.4
Darty	675	−4
Dumez	802	−5
Eaux (Cie Gen)	419	+15
Elf-Aquitaine	174.2	+2.7
Gen. Occidental	632	−6
Imetal	66.5	.....
Lafarge Coppee	260.2	+0.2
L'oreal	2,010	−20
Legrand	1,890	−10
Maisons Phenix	358	−7
Matra	1,061	−2
Michelin B	782	−8
Midi (Cie)	1,166	−16
Moet-Hennessy	1,335	.....
Moulinex	87.6	−1.4
Nord Est	56.0	−0.6
Pernod Ricard	880	−4
Perrier	365.5	−1.4
Petroles PB	165.0	−1.7
Peugeot-SA	212	+5
Poclain	78.5	+0.5
Printemps Au	117.0	+0.1
Radiotech	415.0	+3.5
Redoute	1,164	+9
Roussel-Uclaf	520	+6
Schneider	84	−4
Sefimeg	253.0	−0.6
Skis Rossignol	1,240	.....
Telemech Elect	1,302	−5
Thompson (CSF)	160.6	+1.0
Valeo	281.8	+1.8

GERMANY

Oct. 11	Price Dm.	+ or —
AEG-Telef	83	−0.6
Allianz Vers	678	+0.5
BASF	155.3	+0.1
Bayer	156.4	−0.1
Bayer-Hypo	285	−1
Bayer-Verein	217	−4
BHF-Bank	289.5	+0.5
BMW	389.6	+3.1
Brown Boveri	228.6	+0.8
Commerzbank	167.1	−2.4
Conti Gummi	117.2	−0.1
Daimler-Benz	596	+1.3
Degussa	367	−1
Demag	156	.....
D'sche Babcock	184	−7
Deutsche Bank	307	−1
Dresdner Bank	173.7	−0.8
GHH	151.6	+2.6
Hochtief	483	−2
Hoechst	165.0	.....
Hoesch Werke	92	−5
Holzmann (P)	429	+2
Horten	164	+2.6
Kali und Salz	211	+1
Karstadt	268.5	+1
Kaufhof	252.8	.....
KHD	262	−2
Kloeckner	43	+0.1
Krupp	72.6	+1.5
Linde	395	−4.8
Lufthansa	135.5	−1
MAN	139.6	−1.3
Mannesmann	141.2	−0.3
Mercedes Hld	534.6	+1
Metallgesell	216	−2
Munich Rueck	850	.....
Preussag	262.6	−2.5
Rhein West Elect	177	−9
Rosenthal	309	.....
Schering	338.5	+1
Siemens	359.6	+1
Thyssen	80	−1.7
Varta	178	−1.5
Veba	174	+0.2
V.E.W	126.6	+2
Verein-West	310	+1
Volkswagen	229	+0.5

ITALY

Oct. 11	Price Lire	+ or —
Banca Com'le	27,650	.....
Bastogi-IRBS	190.0	−7.2
Centrale	1,467	−103
Credito Varesino	3,901	−152
Fiat	2,973	−45
Finsider	41	.....
Generale (Assic)	139,800	−2500
Invest	2,920	−26
Italcementi	45,600	−560
Montedison	194	−5
Olivetti	3,250	−40
Pirelli Co	2,595	−2
Pirelli Spa	1,515	−16
Snia Viscosa	1,145	−28
Toro Assic	10,800	−1198
do. Pref	8,550	−210

AUSTRALIA

Oct. 11	Price Aust. $	+ or —
ANZ Group	5.54	−0.14
Acrow Aust	1.36	.....
Alliance Oil D.	0.36	+0.05
Ampol Pet	1.85	−0.01
Aust Cons Ind	1.60	+0.05
Aust. Guarant	2.52	+0.02
Aust. Nat. Inds	2.5	.....
Aust. Paper	2.3	+0.05
Bond Hldgs	1.2	−0.05
Boral	3.18	.....
B'ville Copper	2.4	.....
Brambles Inds	3.05	+0.1
Bridge Oil	2.3	.....
BHP	12.66	−0.2
CRA	5.52	−0.04
CSR	2.9	−0.05
Carlton & Utd	2.0	.....
Castlemaine	4.15	+0.05
Coles (G.J.)	5.55	+0.05
Comalco	2.95	+0.05
Consolidated Pet	0.67	−0.05
Costain	1.25	−0.2
Dunlop	1.42	+0.02
E.Z. Ind	3.74	−0.05
Elders IXL	4.3	−0.05
Energy Res	1.6	−0.02
Gen Prop Trust	1.58	+0.01
Griffin Coal	6.8	.....
Hardie (J.)	4.05	.....
Hartogen Energy	2.7	−0.1
Herald W'y Times	3.13	−0.02
ICI Aust	2.05	−0.05
Jimb'lana (50cFP)	0.23	.....
Kia Ora Gold	0.24	−0.01
Land Lease	4.95	.....
MIM	3.55	+0.05
Mayne Nickless	2.9	.....
Meekatharra	1.5	.....
Myer Emp	1.6	−0.02
Nat.Com.Bk	3.55	−0.02
News	6.9	−0.1
Nicholas Kiwi	2.92	+0.02
North Bkn Hill	3.22	+0.02
Oakbridge	1.17	.....
Otter Expl	0.65	.....
Pancon	1.45	−0.05
Pioneer Conc	1.92	+0.01
Reckitt & Coln	2.25	+0.05
Repco	1.22	+0.01
Santos	7.8	+0.0
Smith (H.)	3.6	−0.05
Southland Min'g	0.3	−0.02
Spargos Expl	0.5	.....
Thos. Natwide	1.75	−0.1
Tooth	4.6	.....
UMAL Cons	2.2	−0.1
Vamgas	2.6	+0.1
Western Mining	3.88	−0.02
Westpac	2.54	.....
Woodside Petrol	1.28	−0.01
Woolworths	2.63	+0.02
Wormald Intl	2.86	−0.02

HONG KONG

Oct. 11	Price H.K. $	+ or —
Bank East Asia	16.3	−0.5
Carrian Invest	0.67	.....
Cheung Kong	5.75	−0.45
China Light	11.4	−0.1
Hang Lung Devel	1.48	+0.2
Hang Seng Bank	30.5	−1.25
HK Electric	4.8	−0.1
HK Kowloon Wh.	2.92	−0.2
HK Land	2.27	−0.16
HK Shanghai Bk	5.80	+0.1
HK Telephone	30.5	.....
Hutchison Wpa	9.5	−0.1
Jardine Math	6.35	−0.3
New World Dev	2.1	−0.12
Orient O'seas	2.42	−0.05
O'seas Trust Bk	2.62	−0.08
SKH Props	4.9	−0.2
Swire Pac A	12.1	−0.3
Wheel'k Mard A	9.6	−0.1
Wheel'k M'time	1.55	.....
World Int. Hldgs	1.26	.....

JAPAN

Oct. 11	Price Yen	+ or —
Ajinomoto	1,020	+10
Alps Electric	2,390	−10
Amada	827	−16
Asahi Chem	395	−9
Asahi Glass	660	.....
Bridgeston	528	+8
Canon	1,440	−20
Casio Comp	1,500	.....
Chugai Pharm	1,100	−20
Citizen	626	−23
Daiei	630	+2
Dai Nippon Ptg	897	−8
Daiwa House	526	+8
Ebara	325	−2
Eisai	1,320	−50
Fanuc	7,600	+40
Fuji Bank	500	.....
Fuji Film	2,250	−130
Fujisawa	912	−8
Fujitsu	1,290	−30
Green Cross	1,720	−40
Hasegawa	497	+16
Heiwa Real Est.	692	−1
Hitachi	819	−20
Hitachi Credit	1,380	+20
Honda	997	−33
House Food	986	+6
Hoya	1,310	+10
Itoh (C)	313	+5
Ito-Yokado	1,560	−50
Iwatsu	1,680	−10
JACCS	360	.....
JAL	2,320	.....
Jusco	780	−1
Kajima	328	−2
Kao Soap	609	−5
Kashiyama	540	+4
Kirin	432	+11
Kokuyo	840	−3
Komatsu	503	+3

JAPAN (continued)

Oct. 11	Price Yen	+ or —
Konishiroku	645	−1
Kubota	310	−14
Kumagai	446	.....
Kyoto Ceramic	7,680	.....
Maeda Const	514	−4
Makino Milling	1,290	+20
Makita	1,320	+20
Marubeni	256	−2
Marudai	601	+1
Marui	1,150	−20
MEI	1,760	−10
M'ta Elec Works	589	−5
M'bishi Bank	590	.....
M'bishi Corp	580	+10
M'bishi Elec	430	−7
M'bishi Estate	492	−5
MHI	236	−4
Mitsui Co	399	+3
Mitsui Estate	775	+3
Mitsukoshi	366	−1
NGK Insulators	600	+8
Nihon Cement	194	−7
Nippon Denso	1,570	.....
Nippon Elect	1,600	+10
Nippon Express	304	−3
Nippon Gakki	642	−3
Nippon Kokan	152	+1
Nippon Oil	1,170	−10
Nippon Seiko	609	+4
Nippon Shinpan	715	−5
Nippon Steel	171	.....
Nippon Suisan	320	.....
NTV	6,800	−30
Nippon Yusen	254	−5
Nissan Motor	709	−5
Nisshin Flour	412	−9
Nisshin Steel	165	.....
Nomura	747	−3
Olympus	1,220	+10
Omron Tateisi	1,740	+30
Orient Leasing	3,600	.....
Pioneer	2,980	−50
Renown	623	−1
Ricoh	970	−5
Sankyo	727	−8
Sanyo Elect	479	−4
Sapporo	275	−2
Sekisui Prefab	610	+2
Seven-Eleven	8,400	−60
Sharp	1,400	−10
Shimadzu	617	−15
Shinagu	805	−3
Shiseido	1,100	.....
Sony	3,780	−80
Stanley	724	−26
S'tomo Elect	668	−7
S'tomo Marine	233	−2
S'tomo Metal	160	−2
Taihei Dengyo	583	+2
Taisei Corp	225	.....
Taisho Pharm	910	−1
Takeda	780	−4
TDK	5,040	−30
Teijin	377	+4
Teikoku Oil	808	−12
Tokio Marine	610	+1
TBS	730	.....
Tokyo Elect Pwr	1,100	.....
Tokyo Gas	132	+6
Tokyo Sanyo	585	−20
Tokyo Style	820	+10
Tokyu Corp	308	+1
Toppan Print	650	−6
Toray	424	−1
Toshiba	380	−4
TOTO	801	−2
Toyo Seikan	691	+1
Toyota Motor	1,280	−10
Victor	5,050	−40
Wacoal	675	+8
Yamaha	481	+1
Yamanouchi	1,570	−100
Yamazaki	811	−8
Yasuda Fire	239	.....
Yokogawa	459	.....

SINGAPORE

Oct. 11	Price $	+ or —
Boustead Bhd	2.9	+0.1
Cold Storage	5	+0.1
DBS	0.65	+0.1
Fraser & Neave	6.4	−0.05
Genting	4.8	+0.08
Haw Par	3.26	+0.07
Inchcape Bhd	3.09	+0.05
Malay Banking	9.35	+0.2
Malay Brew	5.7	.....
OCBC	10.6	.....
OUB	4.34	+0.02
Sime Darby	2.34	+0.02
Straits St'mship	1.93	−0.03
Straits Trdg	6.5	+0.1
UOB	5.3	+0.1

SOUTH AFRICA

Oct. 11	Price Rand	+ or —
Abercom	2.75	.....
AE & CI	9.1	−0.1
Anglo Am Coal	26.65	+0.15
Anglo Am Corp	20.85	+0.05
Anglo Am Gold	130	+3.5
Barclays Bank	16.5	.....
Barlow Rand	12.5	−0.1
Buffels	68	+1
CNA Gallo	2.80	.....
Currie Finance	4	.....
De Beers	9.9	−0.05
Driefontein	36.25	+0.5
FS Geduld	47.5	+1.5
Gold Fields S.A.	196	.....
Highveld Steel	4.65	.....
Nedbank	13.6	.....
OK Bazaars	23	−0.6
Protea Hldgs	4.05	+0.1
Rembrandt	22.5	+0.75
Rennies	19.75	+0.25
Rustenburg	12.1	+0.7
Sage Hldgs	6.3	−0.05
SA Brews	7.82	+0.02
Smith (C.G.)	22	.....
Tongaat Hulett	6.55	.....
Unisec	6.75	+0.05

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK—DOW JONES

	Oct 11	Oct 10	Oct 7	Oct 6	Oct 5	Oct 4	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	1265.14	1268.8	1272.15	1268.8	1259.2	1236.69	1272.15 (7/10)	174.39 (11/1)	1272.15 (7/10/83)	41.22 (2/7/32)
Transport	583.89	583.83	586.7	583.63	578.44	568.88	598.04 (21/9)	434.24 (3/1)	598.04 (21/9/83)	12.23 (8/7/32)
Utilities	137.04	140.08	138.97	140.08	138.62	136.8	140.08 (10/10)	119.46 (3/1)	163.32 (20/4/69)	10.85 (28/4/42)
Trading vol 1000's†	7951	11827	10363	11827	10171	9027	-	-	-	-

	Sep 23	Sep 16	Sep 9	(Year Ago Approx)
Ind div yield %	4.43	4.53	4.48	5.92

STANDARD AND POORS

	Oct 11	Oct 10	Oct 7	Oct 6	Oct 5	Oct 4	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	192.21	191.79	192.36	191.79	188.9	187.3	193.22 (22/6)	154.95 (3/1)	193.22 (22/6/83)	3.52 (30/6/32)
Composite	170.34	170.28	170.8	170.28	167.74	166.27	170.99 (22/6)	138.34 (3/1)	170.99 (22/6/83)	4.4 (1/6/32)

	Sep 28	Sep 21	Sep 14	Year Ago (Approx)
Ind div yield %	3.89	3.88	3.85	5.29
Ind. P/E Ratio	14.69	14.58	14.33	8.98
Long Gov Bond Yield	11.34	11.50	11.59	11.53

N.Y.S.E. ALL COMMON

Oct 11	Oct 10	Oct 7	Oct 6	1983 High	1983 Low
-	-	-	-	442.62 (6/5)	79.79 (24/1)

RISES AND FALLS

	Oct 11	Oct 12	Oct 7
Issues traded	899	984	1972
Rises	487	135	926
Falls	149	514	664
Unchanged	363	335	382

MONTREAL

	Oct 11	Oct 10	Oct 7	Oct 6	1983 High	1983 Low
Industrials	447.08		448.75	445.38	493.88 (5/5)	329.12 (4/1)
Combined	425.93		427.51	424.32	441.29 (28/9)	319.45 (5/5)
TORONTO Composite	2505.7		2517.1	2505.2	2598.2 (26/9)	1949.8 (4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Oct. 11	Oct. 10	Oct. 7	Oct. 6	1983 High	1983 Low
AUSTRALIA All Ord. (1/1/80)	704.7	707.8	709.5	702.8	736.7 (12/8)	487.8 (4/1)
Metals & Mins. (1/1/80)	533.8	534.5	540.3	530.8	614.2 (6/9)	411.8 (4/1)
AUSTRIA Credit Aktien (2/1/62)	54.82	54.83	54.76	55.10	58.8 (5/5)	48.48 (15/2)
BELGIUM Belgian SE (31/12/63)	128.79	128.76	128.04	129.58	134.43 (1/8)	100.00 (4/1)
DENMARK Copenhagen SE (3/1/83)	183.05	181.59	180.41	182.79	204.92 (16/9)	100.00 (3/1)
FRANCE CAC General (31/12/82)	141.3	140.8	140.9	138.6	141.5 (11/10)	96.1 (3/1)
Ind Tendance (31/12/82)	150.0	149.7	150.1	149.1	150.1 (7/10)	99.8 (3/1)
GERMANY FAZ-Aktien (31/12/58)	327.29	327.17	326.85	324.04	351.85 (7/7)	241.80 (25/1)
Commerzbank (Dec 1953)	969.5	970.4	968.40	961.5	986.6 (7/7)	727.8 (25/1)
HONG KONG Hang Seng Bank (31/7/64)	755.35	753.96	754.95	708.92	1102.64 (21/7)	690.06 (4/10)
ITALY Banca Comm Ital. (1972)	190.15	191.89	191.81	191.85	214.33 (21.6)	180.45 (10/1)
JAPAN** Dow Average (16/5/49)	9465.09	(c)	9362.48	9329.97	9562.48 (7/10)	7803.18 (25/1)
Tokyo New SE (4/1/68)	696.28	(c)	639.69	687.84	699.4 (7/10)	574.51 (25/1)
NETHERLANDS ANP-CBS General (1970)	144.8	143.8	143.4	142.2	144.8 (11/10)	100.1 (4/1)
ANP-CBS Indust (1970)	118.4	118.4	118.1	117.8	118.4 (16/10)	88.8 (4/1)
NORWAY Oslo SE (4/1/83)	215.45	217.69	216.55	212.47	217.60 (10/10)	99.01 (4/1)
SINGAPORE Straights Times (1966)	952.82	940.96	930.18	924.12	992.62 (25/8)	712.08 (6/1)
SOUTH AFRICA Gold (1958)	(u)	(u)	—	792.7	1080.9 (1/2)	694.5 (29/3)
Industrial (1958)	(u)	(u)	—	927.9	969.7 (29/8)	704.9 (5/1)
SPAIN Madrid SE (31/12/82)	119.85	(c)	118.44	117.87	120.82 (15/7)	98.32 (11/1)
SWEDEN Jacobson & P. (1/1/58)	1471.22	1473.88	1476.88	1474.48	1528.60 (6.8)	926.10 (5/1)
SWITZERLAND SwissBankCpn. (31/12/58)	342.3	341.8	339.7	337.2	347.8 (4.8)	296.4 (6/1)
WORLD Capital Intl. (1/1/70)	—	165.8	164.9	166.9	165.8 (10/10)	154.5 (5/1)

(**) Saturday Oct. 8: Japan Dow (c) TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Equities dip below 700 as business remains thin
Index-linked gilts firm

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 19	Sept 29	Sept 30	Oct 10
Oct 3	Oct 13	Oct 14	Oct 24
Oct 17	Oct 27	Oct 28	Nov 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

Stock Exchange members were seemingly more preoccupied with yesterday's crucial constitutional vote than with genuine business as markets remained sluggish. The volume of trade was again extremely thin, and Wall Street's overnight rise to yet another record peak once more went unrecognised.

Initial interest in Government Securities centred mainly on index-linked stocks, which attracted early support and closed with gains extending to ¼ following the inflationary implications of the acceleration of manufacturers' costs in September, the month's retail price indices are due to be announced on Friday. Conventional gilts, in contrast, traded cautiously with quotations eventually easier on scattered selling. Falls were usually limited to ⅛.

The favourable September money supply figures appeared to have been well discounted and had no apparent impact on a market still undecided as to what direction to take after last week's ½-point cut in base lending rates.

Falls in FT-quoted industrials outnumbered rises by 3-to-2 and the FT 30-share index up 2.2 at 10 am, again dipped below 700 with a net loss on the day of 2.9 at 698.2.

The late tone was affected by Wall Street's dull opening. U.S. selling of Glaxo in the wake of the preliminary results and the CBI statement about the recession showing no signs of ending in the UK's worst-hit regions.

Weak lately on, among other things, fears of increased competition from Northern Telecom of Canada, leading Electricals regained some composure on relief that Monday evening's television documentary on proposed defence spending cuts proved less depressing than feared. ICI continued to attract U.S. support on hopes for the group's new fibre, Tactel, but closed below the day's best at 576p, after 580p. London Brick eased further on fading hopes of a takeover by Hanson Trust following the latter's declaration on Monday that it does not intend to bid at present and regards its 9.41 per cent stake in the brick giant as an investment.

Features elsewhere in equities were few and far between. Dry-cleaning shares advanced sharply following the announcement that Brengreen's bid for Sunlight Services and Pritchard Services' offer for Spring Grove were not to be referred to the Monopolies Commission.

Banks quiet

Worries about the world debt situation again curtailed interest in the major clearing banks, but the tone appeared steadier and only Midland, a couple of pence off at 398p, stirred. Elsewhere, Minster Assets shed 2 for a two-day fall of 10 to 88p on the chairman's warning about second-half prospects. Speculative counter First National Finance attracted early interest and touched 64½p before reverting to the overnight level of 62½p.

Insurances made another drab showing. Eagle Star relinquished 7 more to 463p, while General Accident gave up 5 to 420p. Royals shed 7 for a two-day fall of 17 to 493p, while Commercial Union softened 2 to 154p. Life issues fared no better, Legal and General losing 4 to 464p, and Pearl 5 to 685p. Elsewhere, Trade Indemnity rose 7 to 162p.

Telemetrix, Monday's newcomer, attracted fresh support and touched 234p before closing a net 9 up at 226p compared with the offer-for-sale price of 185p. Atlantic Computers, however, a strong market since dealings began last week, encountered profit-taking and shed 9 to 278p.

London Brick shed 2½ more to 96p on the liquidation of speculative positions in the wake of Hanson Trust's statement that it had no plans at present to bid for the company: dealers reported that business was by no means one way as some investors were buying on the view that a full bid for the group will emerge. Elsewhere in the Building sector, William Sindall touched 393p before closing 6 up on balance at 383p following the increased interim profits and dividend, while John Mowlem hardened a couple of pence to 188p in front of tomorrow's half-timer. A. Monk firmed 4 to 137p on speculative interest, but Ruberoid encountered occasional selling and shed 5 to 78p.

ICI moved to within a couple of pence of the year's peak of 582p in the wake of further American support before drifting back to close a net 4 up at 576p; the third-quarter figures are due on October 27. Amersham International softened 2 to 232p on lack of interest, while small selling clipped the same amount from Laporte, to 288p. Yorkshire Chemicals also shed 2, to 88p; Croda International recently sold its 13.87 per cent stake in Yorkshire to various institutions. James Halstead gave up 3 to a 1983 low of 74p.

Ward White rights

Debenhams, a dull market recently on slightly disappointing first-half results, rallied strongly on revived hopes of a consortium bid and, in a brisk trade, closed 6 better at 142p. Other major Retailers again drifted lower on continued lack of investment interest, although small support was evident in the later trading and most finished above the day's lowest. Elsewhere, attention centred on footwear manufacturers and retailers Ward White which fell to 94p before settling 11 down on balance at 96p following the proposed rights issue that accompanied the increased interim dividend and 36 per cent mid-term profits expansion. The liquidation of short-term speculative positions left rumoured "shell" situations Kraft Productions and I. D. & S. Rivlin, down 10 at 210p and 6 lower at 62p respectively.

Among Shoes and Leather, Strong and Fisher, a rising market of late awaiting the annual results, encountered scattered profit-taking and eased 3 to 71p.

Monday evening's TV programme on defence spending proved less harsh than feared and most leading Electricals traded on a firmer note before trending easier in the late dealings. Elsewhere, Ferranti met renewed offerings and eased 8 further to 570p, but United Scientific rallied 8 to 63p. Bowthorpe closed 8 cheaper at 262p following interim results in line with market expectations, Immediate Business Systems fell 10 to 130p and Druck Holdings, a like amount at 270p, but CPU Computers showed to advantage with a rise of 8 to 120p.

Engineers recorded a few scattered movements after another slow day's trading. Reflecting sharply lower interim profits, Senior Engineering eased 3 to 18½p. Tace improved 4 to 104p in sympathy with a rise of 5 to 225p in Goring Kerr. Among the leaders, Hawker drifted off a couple of pence more to a low for the year of 284p.

Apart from Unigate, which touched 108p before closing a net 5 up at 106p on reports that the chairman was lunching with brokers, Foods contributed little in the way of excitement. Bejam softened 3 to 148p awaiting today's preliminary results, while occasional selling left William Morrison 4 off at 192p.

Steady for most of the session, leading Hotels and Caterers turned dull in the late dealings, Grand Metropolitan closed 7 lower at 321p and Ladbroke 4 cheaper at 211p. Trusthouse Forte softened a couple of pence to 175p.

Glaxo sold late

Comment on the preliminary figures failed to stimulate much interest in Glaxo which held steady around 750p for most of the day. Late selling from the U.S., however, left the quotation 25 down at 725p. Beecham also turned down in the after-hours' dealings and closed 10 cheaper at 303p. Inclined harder initially, other leading miscellaneous industrial leaders drifted back on lack of follow-through support. The announcement that Brengreen's bid for Sunlight Service was not to be referred to the Monopolies Commission left the latter 25 higher at 240p. Helped by the Saudi Arabian contract valued at £40m over a three-year period, Brengreen improved 7½ to 98½p. The proposed merger between Spring Grove and Pritchard Services is likewise not to be referred and the shares held at 45p and 128p respectively.

Still reflecting the heavy losses incurred by its U.S. jewellery company, Johnson Matthey remained on offer and fell 7 for a two-day loss of 27 to 205p. Lack of support left London and Liverpool 7 cheaper at 42p, but J.W. Spear hardened 3 to 53p in front of today's annual meeting, while demand in a thin market lifted Wolseley-Hughes 7 to 540p. Disappointing interim results left Midland Marts 8 lower at 132p. Other dull spots included Beatson Clark, which fell 5 to a low for the year of 175p, and Highgate Optical, a similar amount cheaper at 135p.

The appearance of a sizeable buyer lifted TV South 7 to a 1983 peak of 77p, but Campari, still reflecting the reduced interim profits and dividend, shed 2 more to 38p. Intervision also lost 2, to 27p; the annual results are due soon.

A couple of firm spots emerged among otherwise lacklustre Motor sectors. Revived speculative support lifted Solex A, 80p, and Caffyns, 122p, by 4, the latter for a two-day gain of 10. Coachbuilders Coleman Milne advanced 7 to 63p in belated response to favourable weekend comment anticipating a full quote for the company presently traded on the Unlisted Securities Market. Aerospace Engineering gained the turn to 159p following the proposed 100 per cent scrip issue; the price shown in recent issues was incorrect.

Selected Properties staged a small revival. Capital and Counties found support and hardened a couple of pence to 146p, while Brixton Estate edged up a penny to 107p, the latter following news of a major letting. Buyers showed interest in C.H. Beazer, which firmed 4 to 268p, while Rosehaugh improved 5 to 265p. Among those traded in the Unlisted Securities Market, Tops Estates firmed 3 to 65p and Wingate put on 4 to a 1983 peak of 107p. Speculation about a shell operation in the wake of Mr J.R. Pearce's 52p per share cash offer for the company prompted a jump of 32 to a 1983 peak of 80p in Morland Securities.

Shippings made modest headway in subdued trading. P & O Deferred closed 4 to the good at 236p, while Ocean Transport hardened a couple of pence to 97p. Common Bros. continued to make impressive progress in the wake of the encouraging preliminary figures and improved 7 for a three-day gain of 30 at 120p.

Far-Eastern advices prompted sporadic profit-taking among recently buoyant Japanese-orientated Investment Trusts. Crescent Japan eased 11 to 633p, while G.T. shed 7 to 652p, and Fleming Japanese 4 to 377p. Other issues tended to mirror the lethargic tone of London equities and close little changed. Financials also passed a quieter session than of late, although Britannia Arrow remained dull following comment on the proposed rights issue and shed 3 for a two-day fall of 13 to 80p. Mercantile House, weak recently after the chairman's share sale, rallied a few pence to 344p.

Oils steady

Leading Oil shares maintained a steady to firm tone in face of the threats to Gulf supplies of crude. Elsewhere, revived activity in Atlantic Resources left the quotation 5 higher at 545p, after 560p. Sun (UK) Royalty put on 15 to 325p and Pict Petroleum 5 to 95p. Aran Energy closed unaltered at 40p despite the proposed rights issue.

Golds below best

Mining markets made a bright start to the day but later encountered persistent selling pressure as metal prices failed to register any significant gains.

South African Golds continued their recent recovery at the outset, thanks mainly to strong demand in overnight American markets. Lack of support and a static bullion price, however, prompted a mark-down which in turn led to small selling. Prices only marginally higher on the day.

The Gold Mines index, posting its fourth successive improvement, added 1.8 more at 572.7.

Among the heavyweights, Vaal Reefs, finally £74½, had an initial gain of £1½ halved to one of ¾ by the close, while Randfontein closed ½ off at £80½, after £82. Hartebeest dipped £1½ to £46½ and Free State Geduld ½ to £27½.

South African Financials traded similarly to Golds, Middle Wits dipping ½ to £10 and Gold Fields of South Africa ½ to £74½.

An unsettled UK equity market, rather than weak metal prices prompted further losses in London-domiciled Financials.

Charter eased 3 more to 227p on further consideration of the troubled U.S. interests of its 28 per cent-owned Johnson Matthey, while RTZ fell 5 to 565p and Goldfields 7 to 530p.

Platinums were one of the few sectors to register significant gains. Renewed and persistent demand from West Germany boosted Rustenburg 10 to 710p and Impala 20 to 845p, while Lydenburg improved in sympathy to close 15 higher at 555p.

Worries over possible Parliamentary opposition to uranium mining prompted weakness in Western Mining, 7 off at 230p, Peko-Wallsend, 8 down at 406p and Pancontinental, 2 cheaper at 88p. Other Australians tended to give ground in quiet trading.

Demand for Traded Options declined sharply with 1,764 contracts struck, comprising 1,235 calls and 529 puts. Much of the attention was again directed towards ICI call positions; the October 550's accounted for 225 trades out of 367, although Monday's spectacular rise in premiums was not repeated. A reasonably evenly-balanced business developed in British Petroleum which recorded 164 calls and 122 puts.

FINANCIAL TIMES STOCK INDICES

	Oct. 11	Oct. 10	Oct. 7	Oct. 6	Oct. 5	Oct. 4	year ago
Government Secs.	81.66	81.88	82.17	82.07	82.03	81.71	83.56
Fixed Interest	84.90	84.83	84.85	84.84	84.69	84.20	85.53
Industrial Ord.	698.2	701.1	709.8	711.4	707.8	708.2	603.9
Gold Mines	572.7	570.9	562.7	566.5	544.8	556.8	403.5
Ord. Div. Yield	4.85	4.76	4.73	4.72	4.74	4.73	4.70
Earnings, Yld.% (full)	9.60	9.62	9.41	9.39	9.43	9.40	10.42
P/E Ratio (net) (*)	13.04	13.15	13.31	13.34	13.28	13.32	11.53
Total bargains	19,819	18,267	19,252	20,432	20,043	21,055	28,708
Equity turnover £m.	—	171.36	182.39	196.47	211.59	167.80	237.69
Equity bargains	—	16,943	14,508	14,973	16,844	13,754	23,287
Shares traded (ml)	—	103.2	121.9	120.1	146.3	146.0	154.5

10 am 703.3. 11 am 701.8. Noon 701.7. 1 pm 701.1. 2 pm 700.5. 3 pm 701.5.

Basis 100 Govt. Secs. 15/1/28. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026

Nil=12.27

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.60 (15/8)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	84.90 (11/10)	79.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (22/8)	598.4 (4/1)	740.4 (22/8/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.5 (29/3)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 10	Oct. 7
—Daily		
Gilt Edged Bargains	164.5	144.8
Equities Bargains	109.8	94.0
Value	346.3	368.5
5-day Avrge		
Gilt-Edged Bargains	152.4	149.6
Equities Bargains	102.4	102.3
Value	387.9	390.3

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (34)

COM'WEALTH & AFRICAN LOANS (1)
N.Z. 7¼pc 1988-92
AMERICANS (4)
Abbott Labs. | I.B.M. Corp. | Honeywell | Quaker Oats
BANKS (1)
Westpac
CHEMICALS (1)
Ciba-Geigy 8½pc Cnv. 1982-95
STORES (2)
Boardman (K. O.) International | Ellis & Goldstein
ENGINEERING (1)
Braithwaite
INDUSTRIALS (7)
Elson & Robbins | Stainless Metalcraft | Francis Inds. | 'The Times' Veneer | Hawtin | Twinlock | Spear (J. W.)
LEISURE (1)
TVS N-V
MOTORS (1)
Solex A
PAPER (1)
Cropper (James)
PROPERTY (3)
Morland Secs. | Wingate Prop. Invs. | Wereldhave N.V.
SHIPPING (2)
Common Bros. | P. & O. Defd. | Golaas-Larsen
SHOES (1)
Newbold & Burton
TRUSTS (6)
Dualvest Cap. | Rolinco N.V. | Robeco N.V. (Br.) | Do. Sub. Shares | Do. Sub. Shares | Mercury Com. Mkt.
OILS (1)
Pict Petroleum

NEW LOWS (23)

BRITISH FUNDS (1)
Treas. 6½pc Cnv. '88
BUILDINGS (1)
AMEC
CHEMICALS (1)
Halstead (J.)
ELECTRICALS (5)
G.E.C. | SCUSA Inc. | Immed. Bus. Systs. | Wholesale Fittings | M.K. Electric
ENGINEERING (4)
Brown (John) | R.H.P. | Hawker Siddeley | Senior Eng.
INDUSTRIALS (7)
Beatson Clark | Johnson Matthey | Beecham | Ricardo Cons. Eng. | Datastream | Wills (George) | Fothergill & Harvey
LEISURE (2)
Adam Leisure | Campari Internatl.
TEXTILES (1)
Martin (A.)
TRUSTS (1)
Edita

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 10	Oct 21	Jan 12	Jan 23
Oct 24	Nov 4	Jan 26	Feb 6
Nov 7	Nov 18	Feb 9	Feb 20

For rate indications see end of Share Information Service

Calls were taken out in London Brick, Jardine Matheson, Britannia Arrow, Inter-City, Premier Oil, W. E. Norton, Marlborough Properties, Eglinton Combined Technologies, First National Finance, Adam Leisure, Swire Pacific A and Phoenix Properties. No puts were reported, but a double was arranged in London Brick.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Tues Oct 11 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Oct 10 Index No.	Fri Oct 7 Index No.	Thurs Oct 6 Index No.	Wed Oct 5 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (201)	437.85	-0.3	9.49	4.04	13.61	439.31	445.64	451.22	450.36	445.87
2	Building Materials (24)	439.48	+0.1	10.68	4.69	11.79	438.97	439.39	436.86	431.81	376.81
3	Contracting, Construction (29)	698.83	+0.2	13.31	5.09	9.42	697.13	699.22	701.61	698.49	703.43
4	Electricals (36)	1551.92	-0.7	8.55	2.45	15.20	1562.61	1588.66	1634.69	1662.91	1086.08
5	Engineering, Contractors (10)	431.13	+0.3	15.29	6.44	8.11	430.02	434.63	432.85	435.56	453.84
6	Mechanical Engineering (59)	190.65	-0.2	12.60	5.90	9.94	191.09	193.69	193.44	192.08	196.14
8	Metals and Metal Forming (9)	155.75	-0.8	12.12	7.53	9.98	156.97	161.85	163.63	164.78	138.23
9	Motors (18)	112.18	-0.1	—	4.59	—	112.33	112.57	111.72	111.85	74.67
10	Other Industrial Materials (16)	539.12	—	5.78	4.34	22.96	539.20	538.11	538.45	535.69	364.65
21	CONSUMER GROUP (198)	430.33	-0.6	10.64	4.55	11.51	432.90	437.86	438.27	435.96	389.24
22	Brewers and Distillers (23)	436.53	-0.7	12.86	5.24	9.71	438.53	444.72	443.95	444.22	428.66
25	Food Manufacturing (22)	344.16	+0.1	13.33	5.83	8.76	343.68	343.48	343.44	342.75	324.12
26	Food Retailing (13)	990.68	-0.4	7.33	2.57	17.61	994.96	999.91	1004.29	989.37	830.82
27	Health and Household Products (9)	707.88	-2.7	6.43	3.02	18.46	727.66	747.70	750.34	748.16	661.68
29	Leisure (23)	573.51	-0.3	8.81	4.73	14.69	575.40	579.86	581.34	580.26	445.55
32	Newspapers, Publishing (15)	953.99	-0.7	9.00	4.99	13.38	960.52	957.21	954.63	950.42	533.64
33	Packaging and Paper (14)	189.42	-0.5	10.83	5.24	11.38	190.36	191.53	192.38	193.63	146.75
34	Stores (47)	395.26	+0.1	8.22	3.85	16.44	395.00	397.63	400.40	397.32	351.13
35	Textiles (20)	201.93	-0.5	12.50	5.73	9.55	202.89	205.87	207.05	207.10	174.04
36	Tobaccos (3)	435.30	—	22.89	7.31	4.89	435.30	436.28	437.07	427.97	452.45
39	Other Consumer (9)	428.59	-0.7	5.94	4.87	—	431.81	434.18	432.13	429.18	300.39
41	OTHER GROUPS (86)	386.89	+0.3	8.25	4.43	15.28	385.79	385.20	388.83	388.74	273.25
42	Chemicals (15)	557.61	+0.4	8.11	4.54	16.15	555.34	549.22	541.54	539.80	356.13
44	Office Equipment (6)	104.61	-1.1	9.17	4.91	13.92	105.78	105.23	104.85	106.33	104.79
45	Shipping and Transport (14)	757.93	+0.9	7.52	5.35	18.08	751.15	753.97	753.46	744.34	543.17
46	Miscellaneous (51)	501.94	+0.2	8.46	4.06	14.20	501.05	504.39	506.95	508.79	373.35
49	INDUSTRIAL GROUP (485)	430.77	-0.4	9.38	4.37	12.64	432.37	436.43	438.56	437.87	392.39
51	Oils (13)	991.46	+0.2	11.36	6.02	10.69	989.94	985.26	982.67	982.98	720.38
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (124)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (54)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (108)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ⊕ Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Brengreen	98½	+ 7½
Debenhams	142	+ 6
GEC	176	− 2
ICI	576	+ 4
London Brick	96	− 2½
Morland Secs	80	+31
Plessey	197	− 1
Rustenburg Platinum	710	+10
Sunlight Service	240	+25
Telemetrix New	226	+ 9
Unigate	106	+ 5
Ward White	96	−11

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
London Brick	24	98½	− 3½
ICI	22	572	+12
Jhnsn Matthey	18	212	−20
Glaxo	16	750	−45
Telemetrix New	13	217	—
Ferranti	12	578	−22
Plessey	12	198	−10
Brit Aerospace	11	190	− 3
Combined Tech	11	22	− 4
GEC	11	178	− 3
Mercantile Hse	11	340	−17
Racal Elec New	11	187	− 6
Unilever	11	844	+ 2
Grand Met	10	328	− 5

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	7	78	16
Corpns., Dom. and Foreign Bonds	1	11	59
Industrials	184	282	917
Financial & Props.	54	146	312
Oils	15	27	72
Plantations	3	4	14
Mines	46	54	68
Others	79	20	80
Totals	389	622	1,545

No Probe

It has been decided not to refer the proposed acquisition by Dalgety of the agricultural division of Ranks Hovis McDougall to the Monopolies and Mergers Commission.

LONDON TRADED OPTIONS

[illegible]

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102¹⁵⁄₁₆	100⅛	Exch. 13½pc '83	100⅛	.....	13.45	9.10
100⅝	98¹¹⁄₁₆	Exch. 10pc 1983	100⅛	.....	9.99	8.96
99⅞	96¼	Funding 5½pc '82-84‡‡	99⅝	–¹⁄₁₆	5.55	8.74
101¼	99½	Exch. 11¼pc 1984	100½	.....	11.20	9.52
104⅝	100⅞	Exchequer 14pc 1984	102⅛	–⅛	13.71	10.11
95¾	92½	Exch. 3pc 1984	95½	.....	3.14	9.66
102⅞	100⅛	Treasury 12pc 1984	101⅞	–¼	11.79	9.92
107⅞	104⅞	Treasury 15pc 1985	105½	–¹⁄₁₆	14.21	10.47
107	101⅛	Exch. 12pc Cnv. '85	102¼	–⅛	11.73	10.27
92⅛	88⅝	Treasury 3pc 1985	91¾	–⅛	3.26	8.58
102½	99⅛	Treasury 11½pc 1985	101¾	–⅛	11.30	10.31
102	95	Treas 8¼pcCnv '85	97½	...	8.95	10.35
103⅝	100⅞	Exch. 12¼pc 1985	102¾	–⅛	11.92	10.70
102⅞	99⅛	Exch. 11¾pc '86	101⅞	–½	11.53	10.78
101⅛	97¼	Treas 10pc Cnv 1986	99¼	–¼	10.05	10.21
88½	85⅝	Treasury 3pc 1986	87⅛	–⅛	3.45	8.59
101⅞	97⅛	Exch. 10½pc Cv '86	99⅛	–⅛	10.58	10.84
103⅞	100⅛	Treasury 12pc '86	102¼	–⅛	11.73	10.96
95⅝	94⅝	Treasury 8¾pc '84-86‡‡	95¼	–⅛	8.92	10.50
114	103¾	Treas. 12¾pc '86 Cnv.	107¼	–⅛	11.42	9.16
109⅞	105⅛	Exch. 14pc 1986	107⅛xd	–⅛	13.04	11.11
107¾	103⅝	Exch. 13¼pc 1987	105⅜	–⅛	12.57	11.29
98¹¹⁄₁₆	95⅞	Tr 10¼pc Cv '87	98	–¼	10.45	10.95
84⅛	80¼	Exchequer 2½pc 1987	81⅞	.....	3.05	8.25
100⅛	95⅞	Exch. 10½pc 1987	98½	–⅛	10.65	11.00
93¾	88⅝	Funding 6½pc '85-87‡‡	89¾xd	–⅛	7.28	10.19
21⅞	20	Treas 10pc '87 (£20pd)	20⅛	–⅛	10.29	10.99
86	80¼	Treasury 3pc 1987	81⅝	–⅛	3.68	8.93
104⅝	99⅞	Treas 12pc 1987	102⅞xd	–⅛	11.66	11.13
93¼	89⅜	Treasury 7¾pc '85-88‡‡	90¼	–⅛	8.59	10.61

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
77½	71¼	Agric. Mt. 5pc '59-89	73¼xd	.....	6.95	11.85
35¾	11¼	Met. Wtr. 3pc 'B'	35½	.....	8.03	10.62

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FOOD, GROCERIES—Cont.

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INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
23	9¼	Keep Trust 5p	11¼	.....	‡0.15	—	‡	—
210	140	Kelsey Inds.	185	.....	&0	1.7	6.2	12.7
155	110	Kershaw (A.) 5p	135	.....	‡13.0	0.6	‡	(28.3)
80	39	Kleen-E-Ze Hldgs.	76	.....	3.0	◆	5.6	◆
101	52	L.C.P. Hlds.	93	.....	3.6	1.2	5.5	(21.6)
32	14	LDH Group	26	.....	—	—	—	—
132	95	L.R.C. Int. 10p	108	.....	h2.95	2.3	3.9	14.1
34	11	Lamont Hldgs. 10p	32	–1	†1.3	1.8	5.9	12.4
40	26	Lawtex	37	+1	B—	—	—	◆
480	345	Lep Group 10p	470	.....	17.5	0.3	5.3	65.2
36	22	Lilleshall 10p	34	.....	d1.0	—	4.2	—
350	42	Lon. & Liv. 10p	42	–7	h2.73	3.5	9.4	3.0
135	97	London & Midl'd	111xc	+1	7.75	1.1	10.0	12.4
*110½	38	Lon. & Nthn. Grp.	74½	+½	F4.2	◆	8.1	10.5
40	23	‡Lon. Priv Health	26	.....	—	—	—	13.0
60	46	Longton Inds.	59	.....	1.0	—	2.4	—
120	70	Low & Bonar 50p	116	.....	†5.0	2.8	6.3	(6.4)
48	32½	MCD Group	45	.....	u1.0	2.2	3.2	20.5
87	62	MMT Computing 5p	80	.....	b1.68	2.6	3.0	18.6
26	16	M.Y. Dart. 10p	23	–1	0.1	—	0.6	—
212	134	M'c'rthy Ph. 20p	151	–2	7.0	2.7	6.6	7.1
148	128	Macfarlane Gp.	143	.....	†3.52	2.1	3.5	17.5
46	33	Maclellan 20p	34xd	.....	d1.5	1.6	6.3	12.2
63	41	Macpherson (D.)	41	.....	4.2	0.6	14.6	(20.2)
56	41	Magnolia Group	54	.....	2.3	3.2	6.1	6.3
180	65	Man. Ship Can. £1	137	.....	3.5	6.8	3.7	4.1
77	48	Marley	77	.....	†2.5	0.5	4.6	(33.7)
45½	30½	Marling Ind. 10p	43½	–½	1.08	1.7	3.5	(18.8)
34	25	Marshall L'xy. 'A'	25	.....	‡1.2	—	‡	—
68	44	Marshall's Univ	58	–2	B—	—	—	[illegible]
32½	23	Martin-Black	29	.....	—	—	—	—
£130	£86	Mathesons 7¼%	£85	.....	Q7¼%	2.3	(9.7)	—
266	154	Metal Box £1	248	–6	11.55	1.8	6.7	(9.9)
131	104	Metal Closures	112	.....	5.7	1.8	7.3	(7.3)
12	6	Metanec Jentique	10	.....	‡0.5	—	‡	—
50	3	Mettoy	9	.....	—	—	—	—
147	70	Midland Marts 5m	132	–8	4.0	2.1	4.4	15.7
56	26½	Moben Grp 1p	32	.....	†0.19	15.4	0.8	8.0
£271	£150	M'santo 5pc 82-6	£268	.....	Q5%	—	f1.9	—
120	76	Morgan Crucible	120	.....	†7.5	0.6	9.2	[illegible]
73	54	Moss (Robt.) 10p	71	–1	2.0	2.0	4.0	15.2
245	155	‡NMW Computers	207xd	.....	4.0	4.0	2.8	12.8
55	42½	Nash Inds.	50	.....	4.0	◆	11.8	◆
25	11	Neil&Sp'ncer10p	23	.....	—	—	—	—
64	48	New Equip 10p	53	.....	1.15	6.8	3.1	6.8
73	20	Nolton	43	.....	1.0	2.9	3.3	15.1
148	117	Norcros	130	.....	†7.0	2.2	7.7	0.7
89	46	Nu-Swift 5p	73	.....	2.14	1.5	4.2	23.5
140	93	Oakwood Grp.	100	.....	d6.5	2.1	9.3	7.3
325	203	Office & Elect.	224	.....	7.5	2.7	4.8	11.8
950	816	Oriflame Intl SA	825xd	.....	†Q50c	2.2	4.1	11.0
40	13½	Ovenstone 12½c	37	+3	Q3½c	2.8	5.6	6.6
£120½	£93½	Ozalid Fin. Cv.	£120½	.....	Q9%	—	f7.7	—
84	45	P.M. Industrials	71	.....	5.0	2.0	10.1	5.7
231	185	Parker Knoll 'A'	201xd	.....	8.5	2.9	6.0	7.0
304	235	Pauls & Whites	278	+3	&0	3.5	4.1	7.6
378	270	Pearson (S.) & Son	378	+3	†11.2	2.7	4.3	9.6
42	10	Peek Holdings	37	–1	—	—	—	19.4
95	82	Peerless	95	.....	6.3	1.4	9.7	(9.8)
64	49	Pentland 10p	62½	.....	†s1.83	◆	4.2	◆
118	50	Pentlow 10p	50	.....	—	—	—	—
19	9	Pentos 10p	13	.....	B—	—	—	—
27	17	Phillips Patents	22	.....	1.25	1.8	8.1	(8.1)
760	430	Photo-Me 50p	720	.....	9.45	5.5	1.9	12.2
270	155	Pilkington Br. £1	235	+2	10.5	2.2	6.4	(8.1)
£200	£99	Pitn'y Bowes Ln.	£180	+14	Q5½%	—	3.1	—
38	24	Plastic Const. 10p	28	.....	d2.17	0.6	11.1	[illegible]
11	6½	Platignum 5p	7½	.....	B—	—	—	—
£35¾	£13½	Polly Peck 5p	£26¼	–¾	[illegible]	5.6	0.8	22.7
23	18	Polymark 10p	21½	+1	—	—	—	4.8
95	88	Do.CnCalledPfgPl A £1	95	.....	10%	—	15.0	—
620	540	Portals	595	.....	†15.5	3.0	3.8	12.6
*270	235	Powell Duff. 50p	258	.....	14.25	1.4	8.1	11.7
230	172	Prestige Group	188	.....	s†6.88	2.3	5.2	10.5
*170	122	Pritchard Svs.	128	.....	13.46	2.0	3.8	18.0
84	66	R.F.D. Group 10p	71	.....	3.08	2.7	6.2	7.0
66	33	Radiant Metal	56	.....	1.0	0.8	2.6	74.4
190	104	Rank Org.	174	.....	‡8.0	1.6	‡	(11.5)
450	372	Reckitt & Colman	410	–2	†10.73	2.7	3.8	11.4
127	82	Redfearn Glass	89	.....	‡8.28	2.9	‡	(3.8)
41	19	Reed Exec 10p	38	.....	0.1	—	0.4	—
324	230	Reed Intl. £1	320	.....	14.0	2.5	6.2	(8.0)
124	100	Relyon	105	.....	†4.42	1.9	6.0	12.5
194	164	Renown Inc Y50	177	–6½	Q25%	2.1	1.9	24.7
88	84	Renwick Group	86	.....	—	—	—	58.9
150	102	Restmor	148	–2	6.5	2.2	6.3	10.2
33	20	Rexmore	31½	+½	1.3	1.9	5.9	10.5
616	495	Ricardo	495	–5	10.0	2.7	2.9	15.3
13	9½	Rock 10p	10	.....	—	—	—	—
48	21	Rockware	21	.....	—	—	—	6.0
125	80	‡Rolfe & Nolan 10p	112	–3	2.75	3.0	3.5	11.2
132	90	Ropner	102	.....	4.5	2.2	6.3	10.1
132	92	Do. 'A'	95	–2	4.5	2.2	6.8	9.4

LEISURE—Continued

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
39	14½	GRA Group 5p	37	–½	—	—	—	47.5
58	45	Grampian TVA 10p	56	.....	3.6	2.9	9.6	4.4
172	136	HTV Non-Vtg	167xd	+1	11.0	◆	9.4	◆
222	125	Horizon	137	+2	†3.6	5.7	3.8	6.0
162	91	Intasun 10p	142	.....	4.0	4.5	4.0	6.5
60	22	‡Interview Video 10p	27	–2	1.0	2.1	3.9	13.7
370	258	Juliana's Hldgs 2p	315	.....	h4.9	2.4	2.2	22.7
174	139	LWT "A"	166	.....	11.08	1.1	9.5	13.3
*147	55	Leisuretime Int 10p	58	.....	g1.54	◆	3.8	◆
132	108	Mngmt. Ag. M 10p	114	.....	8.75	1.6	11.0	8.3
68	52	Medminster 10p	55	.....	†4.0	0.8	10.4	17.3
170	110	Miss World Grp 10p	160	+2	b3.0	2.5	2.5	25.3
25	17½	‡Nationwide 5p	20½	+1	—	—	—	—
128	38	‡Nimslo Int 20c	40	+1	—	—	—	—
128	45½	Norton Opax. 10p	118	.....	†2.17	4.3	2.6	6.5
30	22½	‡Owners Abroad	27½	.....	0.5	4.5	2.6	12.3
47	36	Photax (Lon.)	40	.....	—	—	—	—
153	90	‡Pineapple Dance St 10p	115	+3	ud1.5	2.1	1.9	28.4
340	217½	Pleasurama 5p	315	+2	†5.75	4.5	2.6	18.8
173	108	‡Radio City 'A' NV	128	.....	g5.6	1.6	6.4	13.7
209	138	Riley Leisure 10p	179	–1	†3.95	1.7	3.2	24.7
132	84	Saga Hols. 20p	88	–2	d3.75	—	6.1	—
315	345	Samuelson Grp £1	395	.....	td12.0	2.8	4.5	13.5
108	94	Scott. TV 'A' 10p	103	.....	7.35	2.2	10.4	6.2
60	28	‡SelecTV 10p	40	–1	—	—	—	—
24	15½	TSW 5p	20	.....	&9	3.3	6.4	6.8
77	30	‡TVS N/Vtg 10p	77	+7	—	—	—	42.4
29	19	‡Television Serv. 10p	26	–½	b0.2	3.3	1.1	40.0
101	64	Trid'nt TV 'A' 10p	100	+1	†◆4.26	1.4	6.1	17.3
180	105	‡21st Century Dist	155	.....	—	—	—	—
24	15	Webb (Jos.) 5p	20	.....	d0.51	0.5	3.6	—
85	75	Zetters 5p	78	.....	3.10	2.9	5.7	8.6

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
81	18	B.L. 50p	60	.....	—	—	—	—
*68	47	‡Coleman Milne 10p	63xd	+7	†1.0	3.7	2.3	10.2
220	188	Gen. Mts. Units	215	.....	Q12c	—	5.7	—
284	215	Honda Motor Y50	265	+1	Q11%	9.1	1.1	20.1
64	16	Lotus Car 10p	63	.....	—	—	—	—
54	12	‡Reliant Motor 10p	21	.....	—	—	—	5.6
£45	£30½	Volvo Kr50	£37	.....	vQ20%	2.3	2.4	18.6

Commercial Vehicles

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
50	28	E.R.F. (Hldgs.)	42	.....	B—	—	—	—
173	148	Plaxtons (GB)	173	.....	8.5	1.4	7.0	13.5
35	18	York Trailer 10p	25	.....	B—	—	—	—

Components

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
66½	26	A.E.	54	–1	‡‡1.4	4.2	‡	7.0
185	135	‡Aerospace Eng.	159	+1	d9.75	1.7	8.4	10.0
56	48	Abbey Panels	54	.....	—	—	—	18.2
20	19	Airflow Stream	22	.....	0.75	3.9	4.9	7.6
26	14	Armst'ng Eq. 10p	22½xd	+½	&1	—	0.6	—
43	20	Automotive	35	.....	0.5	—	2.0	—
*23	10	Bluemel Bros.	17	.....	—	—	—	—
158	104	Dowty 50p	108	+1	3.9	3.0	5.2	8.0
81	43	Dunlop 50p	54	+1	‡2.0	—	‡	—
230	167	Flight Refuelling	214	–1	h2.01	3.8	1.3	15.9
41	26	Hnlm. Smith 10p	41	.....	0.5	5.1	1.7	16.8
60	37	Kwik-Fit Hldgs. 10p	55	–1	1.5	1.6	3.9	23.1
175	124	Lucas Inds. £1	145	–1	8.6	0.8	8.5	(3.0)
80	23	Solex A 50p	80	+4	4.5	—	7.7	—
37	23	Supra Group 10p	33	.....	1.9	—	8.2	—
£355	£210	[illegible] SA Fr100	£210	–20	uF/150	2.0	5.9	6.5
33	11	Woodhead (J.)	29	.....	&1	—	0.5	—

Garages and Distributors

1983 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
122	93	Adams Gibbon	110	.....	†4.63	2.7	6.0	7.2
11½	8	Alexanders 10p	10	+¼	—	—	—	—
37	25	Appleyard Grp.	32	.....	—	—	—	—
156	98	Arlington Motor	140	.....	6.5	2.6	6.6	(6.6)
21½	9	BSG Int. 10p	20	+½	0.1	—	0.7	—
180	138	Bramall (C.D.)	162xd	.....	†d6.0	2.9	5.3	9.5
*212	150	Brit. Car Auct. 10p	197	.....	b5.0	2.1	5.6	18.8
142	112	Caffyns 50p	122	+4	4.5	—	5.3	—
90	33½	Cowie (T.) 5p	43½	+½	d2.0	1.8	6.6	19.8
113	68	Davis Godfrey	68	.....	h3.2	2.1	6.7	10.2
69	49½	Gates (F.G.)	56	.....	d3.0	2.9	6.2	6.3
38	31	Glanfield Lawr.	34	.....	—	—	—	—
31	16	Hanger Invs. 10p	29	.....	—	—	—	—
70½	53½	Harrison (T.C.)	57	.....	h2.2	3.6	5.5	4.4
102	80	Hartwells	83	.....	4.4	2.6	7.6	6.1
116	70	Hendys 20p	82	–1	0.1	—	0.2	—
95	55	Hurst (Charles)	90	+2	†d3.58	4.3	5.8	4.3
76	38	Jessups	71	.....	†3.0	2.1	6.0	[illegible]
*112	77	Kenning Mtr.	108	.....	g6.5	2.1	8.6	(7.9)
368	150	Lex Service	330	.....	†8.1	2.4	3.5	13.8
85	55	Lookers	79	.....	3.86	2.1	7.0	(7.9)
15½	8¼	Manor Nat. Group 10p	12	.....	—	—	—	—
103	82	Perry (H.) Mtrs.	90	.....	3.75	3.2	6.1	6.8

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FT COMPUTER CONFERENCE

IBM workstation 'makes a hobby into a big business'

BY ALAN CANE

IBM dominated the first day of the Financial Times conference on the professional personal computer, the low-cost, high-quality workstation for the executive, which is setting new records for growth in the electronics industry.

Speaker after speaker confirmed that IBM's entrance into the personal computer marketplace two years ago had given a aew thrust and purpose to an area that had been chiefly the preserve of the hobbyist and the enthusiast.

Now, electronics manufacturers had to take the personal computer seriously. The result was the most explosive growth ever seen in any high-technology market.

Ms Jean Yates, president of Yates Ventures, a U.S. consultancy specialising in microcomputer markets, said the principal change was that all computer and electronics manufacturers were now fully behind their personal computers.

She said: "Before IBM entered the marketplace, they saw personal computers as toys, not a source of revenue. Now they see IBM making 5 per cent of revenues from the Personal Computer (PC) and undermining sales to major accounts which had not previously been IBM users."

Mr David Crockett, president of Dataquest, the international market research organisation, summed up the feeling of the conference when he said: "IBM's entry into professional personal computers represented a move from confusion to safety for users."

The market for professional personal computers will have changed completely within five years, according to Mr Rolf Dieter Leister, conference chairman and former managing director of IBM Germany.

The personal computer was, he said, a new and unique phenomenon. The chief lesson to be learned was that timing was the key factor for success.

He said: "A good product is not enough. To succeed, a manufacturer must gain distribution channels quickly. This is more important for the personal computer than for any product in the history of data processing."

He said prices would continue to decline by 10 per cent or so every year for the next few years. "Only the naked personal computer – sold without applications software – will be subject to price competition," he said: "Product differentiation will come as vendors address new user groups. Therefore the development of an added-value market will happen soon."

Mr Floyd Kvamme, executive vice-president, marketing and sales, at Apple Corporation, said the purpose of the personal computer was to improve productivity – "to increase the value of an hour's effort."

He said personal computers provided the ability to make the results of a professional's work perfect at a low cost in time and money. With clear reference to the Japanese, he argued: "The West will never be able to compete with the East simply by changing management attitudes. We must give people the tools for perfection – and then demand it.

"Persoaal computing has the capacity to unlock creative new ways of solving problems and viewing information."

Suveys carried out by Apple had shown that small businesses chiefly used computers for accounting and wordprocessing. In the office the chief use was to run electronic spreadsheet programs.

Mr Crockett said the worldwide market for small computers in the $5,000 bracket (roughly the cost of a professional personal computer) was only $3.8bn in 1982. By 1983, it had grown explosively to $9.1bn. Dataquest predictions suggested that by 1987 it would be $51.9bn, dwarfing all other sectors of the computer market.

He said the market was being driven by the 97/3 rule: 97 per cent of applications that would normally be carried out on a mainframe computer could be run on a personal computer at 3 per cent of the cost.

The importance of software was emphasised by Ms Jacqueline Morby, of T.A. Associates, one of the largest investment capital organisations in the U.S. The development of the microcomputer market had offered returns to investors unprecedented in investment history, she said.

She saw big opportunities in the database area, integrated software, expert systems and scientific software.

"Only one company, Software Arts, has addressed this market with the product TK Solver," she said. "I have been looking for a suitable investment opportunity in this area for two years and have not found one."

Ms Yates predicted that only IBM, Apple and a handful of computer manufacturers would be left in the personal computer business after the next few years.

She said other companies could hope to compete with the giants only by finding market niches – in the way that mainframe computer manufacturers live with IBM by finding specialist areas on which to concentrate.

She thought the next generation of IBM persoaal computers would be "virtual" machines – able to run all sorts of other manufacturers' software – just as IBM's mainframes can behave as if they were a range of other machines.

That theme was elaborated by Mr Daniel Fylstra, chief executive officer of Visicorp, the software house whose accountancy package Visicalc is widely credited with having spurred the success of Apple Computer.

He said the professional personal computer was now a good approximation to the "executive workstation" that would form the basis of the electronic office.

"Imagine you had to type 'left', every time you wanted to turn left in your car," said Mr Fysistra. New techniques of interfacing the human to the machine, including multiple-screen windows and "mice" – palm-sized gadgets controlling a cursor on the screen – would result in a quantum leap in productivity.

The installed base of personal machines was large enough for software companies to spend large sums in investment money to work towards the next generation of systems which would make the computer very easy to use.

Personal computers would represent the largest single segment of the computer industry by 1988, said Mr Cyril Yansouni, general manager of Hewlett Packard's personal computer group.

"We as a company are fully committed to the professional PC marketplace," he said. "The personal computer will have such a profound and lasting effect on manufacturers and users alike that it cannot be ignored."

Mr Alex McIntosh, director of entry systems operations for IBM (UK), said IBM was in the personal computer business because of inevitability – "and not only because of the explosive growth we are seeing."

He said: "A major part of the inevitability relates to the falling costs of computer technology that has made personal computers affordable, but in addition IBM's history has largely paralleled the history of the computing industry."

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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Tyndall Managers Ltd.

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OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

Jopling 'surprised' by subsidy delay

BY JOHN CHERRINGTON

BRITISH LIVESTOCK producers will not be affected by EEC Commission plans to delay advance payments of certain export subsidies and production aids, Mr Michael Jopling, the Agriculture Minister, said in London last night on his return from the three-day Ministerial meeting in Athens.

It was quite clear, he said, that the proposals in no way affected the variable premiums (deficiency payments) paid on lambs and beef cattle.

The ewe headage payment was not yet on the list of products affected, he added, but that did not mean it would not be included at a later date.

In the 1982-83 season ewe headage payments to British farmers totalled £21.3m.

He said the commission's announcement, which had come as a surprise to him and to everybody else, was possibly a tactical move to draw the attention of Ministers to the gravity of the community's financial situation.

This view was shared by most diplomats attending the Athens meeting.

They thought the planned delay in payments was aimed mainly at impressing the European Parliament, which is due to discuss supplementary funding for the Community this week, and at concentrating the minds of Community Foreign, Finance and Farm Ministers on the need to find ways of overhauling the ruinously expensive farm subsidy system.

13% drop in European potato crop predicted

BY OUR COMMODITIES STAFF

THIS YEAR'S adverse growing conditions are likely to result in a 13 per cent cut in the Common Market potato crop, according to ZMP, the West German market reporting bureau.

The bureau predicts that total 1983 output could be below 30m tonnes, compared with 34.4m last year.

The West German crop is estimated 1.5m tonnes down while the Netherlands is expected to fall by more than 1m tonnes.

ZMP puts the French crop reduction at 800,000 tonnes and Britain's down at least 500,000 tonnes, while forecasting that output would also be lower in Belgium, Luxembourg, Denmark and Ireland.

In Paris, meanwhile, the Interprofessional Potato Committee (CNIPT) estimated an even bigger cut in the French crop than that envisaged by ZMP.

In its first preliminary estimate, it put output in the main producing regions 18 per cent down from last year's 4.66m tonnes, which works out at nearly 840,000 tonnes.

The committee warned, however, that the estimates were "very preliminary." It said a clearer picture would be available in about 10 days.

Only a small proportion of the crop consists of large grade potatoes.

On the London futures market yesterday, the April 1984 position gained another £5.30 to £233.30 a tonne, taking the rise on the week so far to £9. Prices had fallen in early trading but were boosted by the ZMP report, traders said.

Thailand cuts tax on rice exports

THAILAND announced a cut in rice export tax which is expected to make the country's rice more competitive on the international market, Reuter reports.

The tax will be halved to 2.5 per cent of export value from today.

The tax cut, which is expected to cost the Government 1bn baht (£2.88m) is designed to help farmers obtain better prices for their paddy in the crop starting next season.

● JUTE prices in Bangladesh have risen with the appearance of the new crop in markets. Bangla white C firmed $17 to $357.

● FORECASTS of a higher Indian castorseed crop are likely to depress international castoroil prices. The higher output is likely to depress prices before the crop starts to enter the market in early January. Recent record prices have been due to Brazilian crop losses.

● TANAKA Kikinzoku KK has increased its annual production capacity of reformed platinum and platinum-rhodium alloy to 2 tonnes from 1.2 to meet rising demand for the domestic glass industry.

● THE GHANAIAN Government has approved recommendations to restructure the Cocoa Marketing Board.

● INDONESIA plans to import 1.6m tonnes of wheat in the year ending March 1984, compared with 1982/83 wheat imports of 1.56m tonnes.

● THE U.S. Senate has passed legislation cutting dairy price supports and setting up a new paid diversion programme to encourage reduced milk production.

● UNILEVER'S National Starch and Chemical subsidiary has acquired Thai Tapioca Ltd of Bangkok for undisclosed terms.

New mills pose threat to S. African timber production

Bernard Simon writes from Johannesburg on the problems of South African timber growers

TWO BIG new pulp and paper mills, the first of which began production last month, have brought hope and fear to South Africa's timber industry.

Demand from the mills, estimated at 4m tons of timber a year, should reverse a recent stagnation in log prices and spur the planting of new forests. But the mills' huge appetite has also raised fears of a timber shortage before the end of the century.

Concern is also heightened over the growing power of the two companies which own the mills, Sappi and Mondi. Both groups are subsidiaries of South Africa's two largest mining houses. Sappi's biggest shareholder is General Mining Union Corporation, while Mondi is controlled by Anglo-American Corporation.

Many timber growers, especially the smaller companies, have virtually halted their planting programmes because of inadequate financial returns. A recent survey shows, however, that their plight is not as bad as many had thought. Timber growers have earned and average, in real terms, of 2-4 per cent on their investment in recent years.

The Government estimates that 39,000 hectares of forest need to be planted each year to ensure that timber supplies keep pace with demand. But the rate of afforestation has more than halved in the past six years, to 10,000 hectares in 1982. Only 8,000 hectares are likely to be planted this year.

It will be some time before growers' earnings improve significantly. Although the newsprint machine at Sappi's mill in the Eastern Transvaal has been commissioned, the R800m (£487m) project will not be completed until 1985. Mondi's pulp and linerboard mill at Richards Bay in Northern Natal is due to begin production next October.

Negotiations on 1984 log prices began this week. So soft is the market that sawmillers have asked that prices be pegged at last year's levels. Prices of sawn industrial timber have plunged 30-40 per cent in the past year or two and millers are toying with a system of exchanging price information in an effort to discourage discounting.

Even the lumber companies expect no more than an 8 per cent increase in saw log prices next year, about two-thirds of what they received for 1983. Their costs jumped by 12.5 per cent in 1982, after rises of 17-18 per cent in previous years.

The slowdown in tree planting is a serious setback to efforts over the past 50 years to make the country self-sufficient in softwoods. South Africa is one of the few countries in the world which has started a commercial lumber industry virtually from scratch. Only 100,000 hectares of ground were under forests in 1910. The areas has since grown to around 1.2m hectares, mostly in the Eastern Transvaal, Natal and the Eastern Cape.

Since the mid-1950s, exports of forest products—including high-grade dissolving pulp, wattle extract, newsprint, wood chips, pine furniture and even sawlogs—have grown markedly. Foreign earnings reached a record of close on R300m in 1981. Hardwood imports are gradually being replaced.

The danger of a timber shortage within the next decade or so has turned Sappi and Mondi into aggressive buyers of existing timber plantations and land which can be turned into forests.

Mondi is in the process of taking a 49 per cent stake in the timber division of Hunt, Leuchars and Hepburn, a medium-sized building products company. Both Mondi and Sappi recently bought large tracts of land in the Piet Retief area of the South-Eastern Transvaal.

The buying spree has alarmed small growers. "It's very serious," says Mr Craig Anderson, general manager of the 1,400-member Central Timber Co-operative (CTC). Besides increasing the leverage of the processors over their raw material suppliers, the transactions may threaten the social fabric of some rural areas, according to Mr Anderson.

"We will eventually have dead towns with a few managers looking after vast estates."

The CTC is especially worried that the large companies' aim is to take a slice of its wood chip contract with Sumitomo of Japan, as supplies of timber from small growers shrink. CTC expects to ship around 0.5m tons of chips this year and slightly more in 1984. Sumitomo, which also acts as CTC's agent, is negotiating contracts with two new customers in the Far East.

A crucial determinant in the industry's future is the role of the Government. State plantations make up almost a third of South Africa's forests and supply around 45 per cent of softwood sawlogs and veneer logs. The Government owns four sawmills, has a half-share in another two and also runs two preservation plants.

Pressures have mounted on Pretoria to privatise its timber interests, but there is wide disagreement about how this should be done. Sappi, Mondi and one or two other companies are the only ones with the resources to buy the state's assets, estimated to be worth close on R1bn.

Smaller groups—and the Government itself—are worried that selling out to these companies will merely fuel monopolistic tendencies in the industry. One state sawmill has been sold to Sappi, but Mondi's bid to buy another in the Eastern Transvaal was suddenly aborted when the authorities cancelled the proposed sale.

The latest proposal is that the Department of Environment Affairs, which controls the Government's forestry operations, should spin them off into a new parastate public corporation, possibly with some private sector shareholders. A committee to investigate this option is expected to report towards the end of the year.

Copper report offers pessimistic conclusions for producers

BY JOHN EDWARDS, COMMODITIES EDITOR

CONCLUSIONS OF a study on the prospects for copper up to 1995 will not make pleasant reading for producers, Mr Robert H. Lesemann, vice-president of CRU Consultants Inc, warned an international conference on the marketing and trading of copper in London yesterday.

Mr Lesemann said there should be no problem in finding the new production capacity required to meet an annual growth rate in demand of 1.5 per cent. The danger lay in the other direction.

Much of the new capacity could be brought on stream at a lower break-even price than many in the industry considered necessary to stimulate production, Mr Lesemann added.

The much-mentioned figure of $1.50 a pound was applicable to a U.S. porphyry grading under 1 per cent. But the kind of mines coming on stream would have higher-grade deposits, with valuable by-products, and/or those with government subsidies or market protection effectively isolating them from competition.

London metal brokers Rudolf Wolff, in their quarterly review, are relatively optimistic about the short-term prospects for copper. The review says U.S. producer prices could increase to around 77 cents a pound by the year-end on the back of improving consumption.

Wolff Charts, in a special report, predicted that the present price weakness will not be long-lasting and that a strong recovery could well be seen in early 1984.

Yesterday, U.S. copper producers announced increases in their domestic prices back up to 72 cents a lb. But on the London Metal Exchange copper prices again moved lower after opening on a firm note. The three-month quotation touched a high of £1,007 before closing £3.25 down on the previous day at £993.5 a tonne and it moved still lower to £990 in after hours dealings.

Aluminium and zinc also closed lower, while lead and nickel were marginally higher. The struggle in the tin market continues with the buffer stock of the International Tin Council concentrating its support buying activities on the high grade contract, where there is a shortage of immediately available supplies.

At one stage, the high grade cash price moved to a premium of £220 over standard grade cash tin, which dropped to £8,465 before rallying to close unchanged at £8,515.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 11 1983	+ or —	Month ago
Metals			
Aluminium	£1060	......	£1059
Free Mkt.	$1620/1650	+40	$1655/685
Copper			
Cash h grade	£970.0	—4	£1058
3 mths	£993.0	—3.25	£1087.25
Cash Cathode	£946	—2.5	£1026
3 months	£971	—1.5	£1055.5
Gold troy oz	$398.625	—1.5	$406.875
Lead Cash	£281	+1.75	£260.25
3 months	£290.5	+1.625	£270.25
Nickel	£4646.34	......	£4646.34
Free mkt.	215/235c	—3	225/255c
Palladium	$144.50	—1.25	$158.25
Platinum	£268.80	—0.05	£286.90
Quicksilver†	$320/330	......	$285/295
Silver troy oz	698.10p	+10.10	792.40p
3 mths	713.90p	+10.10	810.15p
Tin cash	£8515	......	£8425
3 months	£8605	......	£8556
Tungsten	$77.52	......	$74.81
Wolfsm 22.04 lb	$79/83	......	$76/82
Zinc Cash	£557.5	—4.5	£555
3 mths	£579.25	—4.5	£571.5
Producers	$880	......	$880

	Oct. 11 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$860x	......	$1012.5
Groundnut	$1080x	—15	$1040
Linseed Crude	‡	......	£630
Palm Malayan	$670u	......	$660
Seeds			
Copra Phil	$670x	—10	$650
Soyabean (U.S.)	$338.5	......	‡
Grains			
Barley Fut. Jan	£119.45	—0.15	£119.10
Maize	£144.00	......	£145.00
Wheat Fut. Jan	£122.80	—0.10	£124.10
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1527	+10	£1430
Fut. March	£1456	+7.5	£1374.5
Coffee Ft. Jan.	£1882.5	+11	£1704
Cotton A. Index	87.55c	......	91.95c
Gas Oil, Nov.	$251	—2	$252.5
Rubber (kilo)	75.75p	+0.25	75p
Sugar (Raw)	£107x	—5	£160
Woolt'ps 64s.	400p kilo	......	395p kilo

‡ Unquoted. w Nov. u Dec. x Oct-Nov. † Per 16 lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.05-28.60	+0.02
Iranian Light	28.00-29.20	—
Arabian Heavy	26.35-26.80	—
North Sea (Forties)	29.60	+0.05
North Sea (Brent)	29.70-29.90	—
African (Bonny Li'ht)	29.80-30.00	—0.05
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	284-287	—
Gas oil	245-250	+0.0
Heavy fuel oil	168-170	—

GAS OIL FUTURES

Firmness in New York physicals and futures led to an opening about $2.00 higher, where the market met trade selling which continued, reflecting easier prices on the spot market. After reaching the lows on the re-opening, the market traded in a narrow range throughout the afternoon, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Oct.	240.25	—2.25	249.50-45.25
Nov.	251.00	—2.00	254.00-50.50
Dec.	254.20	—1.50	258.00-53.00
Jan	254.00	—1.75	257.75-53.00
Feb	251.50	—1.50	254.50-51.50
Mar.	247.50	—2.00	250.50-47.00
April	246.00	+3.00	246.00-45.00
May	243.50	+0.50	—
June	243.50	—2.50	—

Turnover: 2,593 (2,851) lots of 100 tonnes.

GOLD MARKETS

Gold fell $1½ to $398¼-399 on the London bullion market. It opened at $401-401¾, and was fixed at $400½ in the morning, and $399 in the afternoon. The metal touched a peak of $401¾-402¼, and a low of $397¾-398.

In Paris the 12½ kilo gold bar was fixed at FFr 102,400 per kilo ($402.88 per ounce) in the afternoon, compared with FFr 102,400 ($402.01) in the morning, and FFr 102,150 ($401.16) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,400 per kilo ($403.03 per ounce), against DM 33,150 ($400.52), and closed at $398½-399, compared with $400-400½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $401 per ounce, against $399.25.

In Zurich gold finished at $397-400, compared with $399-402.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Oct.	398.00-01.0	—	—
Dec	404.20-04.5	—0.40	406.80-53.8
Feb.	410.70-11.0	-0.15	—
April	416.00-17.8	—0.70	—
June	423.00-24.2	—0.80	—
Aug.	428.50-30.0	—1.75	—

Turnover: 497 (624) lots of 100 troy ounces.

	Oct. 11		Oct. 10	
Gold Bullion (fine ounce)				
Close	$398¼-399	(£264-264⅓)	$399¾-400½	(£264½-265)
Opening	$401-401¾	(£264½-265)	$401¼-402	(£265-000½)
Morning fixing	$400.50	(£264.018)	$399.20	(£263.271)
Afternoon fixing	$399	(£264.064)	$401	(£264.370)

Gold Coins Oct. 11					
Krugrnd	$411⅛-412	(£279¾-273¼)	King Sov	$95-96⅛	(£63-64)
½ Krg	$211¾-212½	(£140⅛-141)	Victoria Sov	$95-96⅛	(£63-64)
¼ Krg	$108-108½	(£71¾-72)	French 20s	$81¾-83⅝	(£54¼-55½)
1/15 Krug	$44-44¾	(£29¼-29¾)	50 pesos Mex	$485½-487½	(£320-300¼)
Mapleleaf	$411¼-411¾	(£272¾-273)	100 Cor. Aust	$390-394	(£258¾-261¼)
New Sov	$93⅛-94¼	(£59-62⅛)	$20 Eagles	$590-600	(£391¼-397¾)
½ New Sov	$50¼-57	(£57¼-37¾)			

EUROPEAN MARKETS

ROTTERDAM, October 11.

Wheat—(U.S. $ per tonne): U.S. two red winter Oct 154.50, Nov 157.50, Dec 159, Jan 161. U.S. northern spring 14 per cent protein Oct 184, Nov 185, Dec 187, Jan 192. U.S. three amber durum Oct 198, Nov 201, Nov 20-Dec 20 204, Dec 205, April-May 210. Canadian western spring Oct 20-Nov 206, Nov 15-Dec 15 211.

Maize—(U.S. $ per tonne): U.S. three yellow afloat 162, Oct 160.50, Nov 160, Dec 160, Jan-March 161.50, April-June 163 sellers. Argentine Oct 172, mid Oct-mid Nov 171.50 sellers.

Soyabeans—(U.S. $ per tonne): U.S. two yellow gulfports afloat 332.50, Oct 332.50, Nov 332, Dec 336.20, Jan 340, Feb 343.40, March 345.50, April 345, May 345.75, Nov 269.90, Dec 274.70, Jan 282 sellers. Argentina Oct 328.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 264.50, Oct 266, Nov 271, Dec 275, Nov-March 279 sellers. Pellets Brazil afloat 263, Oct 289, Dec 298, Jan 301, April-Sept 283.50 sellers. Pellets Argentine afloat 269, Oct 276, Nov 283, Dec 282 sellers.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were easier on the London Metal Exchange. COPPER moved up to £1007 in initial trading owing to short covering but retreated to close at £994 following a weak opening on New York. TIN was again featured by strong demand for high grade material which was trading at a substantial premium over standard metal. The former closed at £8610, three months. Other metal were unsettled by the downturn in copper.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	978-9	+5.25	970.1	—4
3 months	1001.5-2	+6.5	993-4	—3.25
Settlem't	979	+5.5	—	—
Cathodes				
Cash	952-4	+8.75	945-7	—2.5
3 months	976-.5	+4.25	970-2	—1.5
Settlem't	954	+4.5	—	—
U.S. pro'd	—	—	*73.5-7	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £978.50, three months £1004.00, 03.50, 03.00, 03.50, 04.00, 03.00, 03.50, 04.00, 03.50, 03.00, 02.50, 02.00, 01.00, 01.50. Cathodes: Three months £977.00, 76.00. Kerb: Higher Grade: Three months £1001.50, 01.00, 1000.50, 01.00, 1.50. Afternoon: Higher Grade: Three months £998.00, 98.50, 94.00, 93.50, 94.00, 94.50, 94.00. Kerb: Higher Grade: Three months £994 93.5, 93, 94, 93.5, 93, 92, 91, 90.5, 90. Turnover 26200 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	8680-90	+50	8660-80	+9
3 months	8645-50	+8.5	8650-60	+10
Settlem't	8690	+50	—	......
Standard				
Cash	8460-0	—52.5	8510-80	......
3 months	8675-80	—8.5	8600-10	......
Settlem't	8400	—5.5	—	......
Straits E.	$630.05	—0.15	—	—
New York				

Tin—Morning: Standard: Cash £8490, 85, 70, three months £8595, 8600, 8595, 75, 70, 75. High Grade: Cash £8655, three months £8645. Kerb: Standard: Three months ...

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3126-30	—37	3135-40	+7.5
3 months	3201-2	—38	3210-2	+0

Nickel—Morning: Three months £3230, 25, 20, 15, 10, 05, 10, 15, 3200. Kerb: Three months £3200. Afternoon: Three months £3201, 05, 3200, 05, 10. Kerb: Three months £3210. Turnover 1398 tonnes.

SILVER

Silver was fixed 10.1p an ounce higher for spot delivery in the London bullion market yesterday at 698.1p. U.S. equivalents of the fixing levels were: spot $10.562, up 12.8c; three-month $10.81, up 12.8c; six-month $11.058, up 12.7c; and 12-month $11.587, up 16.8c. The metal opened at 694-696p ($10.52-10.56) and closed at 690-692p ($10.41-10.45).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	698.10p	+10.1	692p	—3.5
3 months	713.90p	+10.1	708.5p	+3.75
6 months	729.50p	+9.75	—	......
12 months	762.80p	+12.4	—	......

LME—Turnover 48 (115) lots 10,000 ozs. Morning: Three months 716.0, 15.0, 14.0. Kerbs: untraded. Afternoon: three months 707.0, 08.0. Kerb: three months 708.0.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 1940-1970.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse 1.77-1.87.

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 0.87-0.92, sticks 0.90-0.94.

LEAD

ZINC

ALUMINIUM

COFFEE

INDICES

GRAINS

SOYABEAN MEAL

SUGAR

POTATOES

RUBBER

COCOA

COTTON

MEAT/FISH

WOOL FUTURES

HIDES

AMERICAN MARKETS

NEW YORK, October 11

Precious metals were under heavy pressure because of higher interest rates with gold approaching critical levels of $400 (which would touch off further selling). Silver broke with the pressure on sterling and showed a tendency to hold near the lower close. Copper was bombarded by arbitrage ...

... profit-taking set in later with trade withdrawn. Cocoa sold off moderately on commission house selling on rumours that the West African crop would be better; trade was an early buyer but turned seller against $2,020. Cotton opened slightly weaker and traded steady on commission house support — a break in price came on lower soyabean course. ...

NEW YORK

CHICAGO

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases in quiet trading

The dollar was allghtly weaker io currency markets yesterday. Trading was rather featureless with little clear trend developing. Middle East tension appeared to deter most people from running too sbort on dollars although bopes of lower interest rates coupled with comments by Treasury Secretary Donald Regan that tho U.S. trade doficit would lead to a weaker dollar tended to undermine ony thoughts of a firmer trend.

Sterling was weaker overall after a firmer start, underpinned by the attraction of North Sea oil in the event of any disruption to Middle East oil supplies.

DOLLAR — Trade weighted index (Bank of England) 125.7 against 122.2 six months ago. The dollar bas retreated from the peaks touched in August, amid growing hopes of a sustained fall. This follows better money supply figures and a slight easing of interest rates. The large U.S. bndget deficit is likely to restrain any fall in interest rates and the dollar, bnt downward pressure on the currency will continne from tho substantial trade deficit.

Tho dollar closed at DM 2.5880 from DM 2.5885 against the D-mark and was also little changed against the Swiss franc at SwFr 2.1045 from SwFr 2.1030. Against tho Yen it eased to Y232.25 from Y232.85 and FFr 7.91 compared with FFr 7.9260.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. September average 1.4991. Trade weighted index 83.7 against 83.8 at noon and 84.1 at the opening and compared with 83.9 on Monday night anud 81.6 six months ago. The pound has tended to weaken recently with a decline against Continental currencies probably welcomed and not preventing a long-expected half point cut in London clearing bank base rates.

Sterling opened at $1.5125-1.5135 against the dollar aod touched a low of $1.5055 before closing at $1.5060-1.5070, a fall of 40 points from Monday. Against the D-mark it eased to DM 3.9 from DM 3.9125 and SwFr 3.1725 from SwFr 3.18. It was also weaker against the French franc at FFr 11.9150 compared with FFr 11.97 and Y350 from Y352.

DEUTSCHEMARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. September average 2.6683. Trade-weighted index 127.4 against 131.0 six months ago. Until the recent easing of U.S. M1 money supply the Deutschemark had been at its lowest level for nearly 10 years against the dollar, reflecting the large differential in interest rates. However there now appears to be a gradual shift in emphasis towards economic fundamentals, with the German currency looking increasingly attractive on this basis.

The Deutschemark showod mixed changes at the Frankfurt fixing, improving against the dollar and sterling, but weakening in terms of the Dutch guilder and French franc. The Bundesbank did not intervene wben the dollar fell to DM 2.5768 from DM 2.5829, while tha pound declined to DM 3.8960 from DM 3.9180. The guilder rose to DM 89.155 per 100 guildors from DM 89.070, and the French franc to DM 32.635 per 100 francs from DM 32.600.

FRENCH FRANC — Trading range against the dollar in 1983 is 8.22 to 6.6060. September average 8.0571. Trade-weighted index 67.5 against 71.0 six months ago. The French franc is comfortably placed within the EMS, but may be vulnerable to any beavy demand for the Deutschemark. The decline of the franc in recent weeks bas reflected the increased attraction of currencies backed by strong economies such as the Deutschemark, while in previous months high U.S. inlorest rates and a strong dollar had diverted attention away from the system.

The French franc was firmer against most currencies at the Paris fixing, but weaker against the Duteh guilder and Danisb krono. Tho dollar foll to FFr 7.9055 frem FFr 7.9200, and sterling to FFr 11.9540 from FFr 12.02. The Deutschemark weakened to FFr 3.0639 from FFr 3.0668, but tho guilder rose to FFr 2.7332 from FFr 2.7324, and the Danish krone to FFr 84.76 per 100 krone from FFr 84.69.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.8722	+2.16	+1.73	±1.5447
Danish Krone ...	8.14104	8.14973	+0.11	−0.32	±1.6425
German D-Mark	2.24184	2.25288	+0.49	+0.06	±1.0642
French Franc ...	6.87456	6.90481	+0.44	+0.01	±1.4052
Dutch Guilder ...	2.52595	2.52646	+0.02	−0.41	±1.4964
Irish Punt	0.72569	0.727352	+0.23	−0.20	±1.6699
Italian Lira	1403.49	1369.63	−2.41	−2.41	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Oct. 11	£	$		£ Note Rates
Argentina Peso..	80.79-80.85	13.794-13.814	Austria..........	27.30-27.60
Australia Dollar..	1.6460-1.6480	1.0915-1.0920	Belgium	80.60-81.40
Brazil Cruzeiro..	1,138.8-1,143.7	754.0-758.0	Denmark	14.04-14.20
Finland Markka..	8.4616-8.4776	5.6166-5.6166	France..........	11.83-12.05
Greek Drachma..	130.85-130.85	92.00-92.30	Germany..........	3.89-3.93
Hong Kong Dollar	12.39-12.40	8.23-8.28	Italy	2365-2395
Iran Rial..........	129.15*	86.05*	Japan..........	350-355
Kuwait Dinar(KD)	0.4412-0.4418	0.29238-0.29245	Netherlands......	4.38½-4.40½
Luxembourg Fr..	79.35-79.45	52.69-52.71	Norway	10.95-11.05
Malaysia Dollar..	3.5275-3.5576	2.3420-2.3440	Portugal..........	185-203
New Zealand Dlr.	2.2850-2.2700	1.5020-1.5040	Spain..........	210¼-234½
Saudi Arab. Riyal	5.2560-5.2600	3.4808-3.4812	Sweden..........	11.64-11.7
Singapore Dollar	3.21-3.22	2.1320-2.1340	Switzerland......	3.16-3.194
Sth. African Rand	1.6760-1.6770	1.1120-1.1130	United States....	1.50¼-1.52¼
U.A.E. Dirham....	5.5445-5.5500	3.6720-3.6730	Yugoslavia......	186-190

* Selling rates.

CURRENCY MOVEMENTS

Oct. 11	Bank of England Index	Morgan Guaranty Changes%
Sterling..........	83.7	−7.7
U.S. dollar..........	122.7	+14.4
Canadian dollar....	91.8	+0.8
Austrian schilling.	118.9	+4.2
Belgian franc......	91.0	−11.0
Danish kroner......	80.2	−4.4
Deutsche mark.	127.4	+8.0
Swiss franc......	150.4	+15.0
Guilder..........	116.0	+5.1
French franc......	67.8	−14.7
Lira..........	50.9	−11.1
Yen..........	150.9	+10.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Oct. 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.704694	0.577547
U.S. $	8½	1.06592	0.872096
Canadian $....	0.45	*	1.07407
Austria Sch	3¾	19.3081	15.8198
Belgian F	8	56.0701	46.8782
Danish Kr....	7½	9.94184	8.14073
D mark	4	0.74666	0.92288
Guilder	5	N/A	2.52646
French F......	9½	8.42663	6.90481
Lira	17	1671.56	1360.63
Yen	5½	N/A	202.678
Norwgn Kr...	8	7.76363	6.34885
Spanish Pta	—	159.994	131.032
Swedish Kr	8½	8.25449	6.74958
Swiss Fr	4	2.23310	1.83227
Greek Dr'ch	20½	98.0966	80.3897

*CS/SDR rate for Oct 10: unavailable.

THE POUND SPOT AND FORWARD

Oct 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.5055-1.5160	1.5060-1.5070	0.02-0.07c dis	−0.36	0.13-0.18dis	−0.41
Canada	1.8540-1.8660	1.8550-1.8560	0.01cpm-0.08dis	−0.26	par-0.10 dis	−0.11
Nethlnd.	4.36-4.40½	4.36½-4.37½	1½-1c pm	3.43	3¾-3½ pm	3.09
Belgium	79.30-80.00	79.35-79.45	2c pm-8 dis	−0.45	8-18 dis	−0.65
Denmark	14.06-14.18	14.06-14.09	3.55-4.90ore dis	−3.60	5.70-7.65dis	−1.89
Ireland	1.2570-1.2675	1.2595-1.2605	0.34-0.42p dis	−3.62	0.96-1.10dis	−3.25
W. Ger.	3.89-3.92½	3.89½-3.90½	1½-1pf pm	3.85	3½-3 pm	3.33
Portugal	186.25-188.00	186.50-187.00	230-545c dis	−24.90	770-1390dis	−23.13
Spain	226.50-228.00	226.80-226.90	270-340c dis	−16.14	800-960dis	−15.52
Italy	2,367-2,386	2,368-2,370	16-19 lire dis	−8.86	51-55 dis	−8.95
Norway	10.97-11.05	10.97¾-10.98¾	3.65-4.35ore dis	−4.37	10.50-11.35d	−3.98
France	11.90½-12.02½	11.91-11.92	3¾-4¾c dis	−4.28	16½-18 dis	−5.79
Sweden	11.67-11.75	11.67-11.68	2.38-2.90ore dis	−2.70	7.65-8.35dis	−2.74
Japan	348½-353½	349½-350½	0.90-0.70y pm	2.74	2.45-2.25 pm	2.68
Austria	27.30-27.60	27.40-27.45	8¾-6⅞gro pm	3.38	21-15¾ pm	2.68
Switz.	3.16-3.19½	3.16¾-3.17¾	1¾-1¼c pm	6.15	4¾-3⅞ pm	5.20

Belgian rate is for convertible francs. Financial franc 80.85-80.95. Six-month forward dollar 0.26-0.31c dis. 12-month 0.55-0.65c dis.

THE DOLLAR SPOT AND FORWARD

Oct 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5055-1.5160	1.5060-1.5070	0.02-0.07c dis	−0.36	0.13-0.18dis	−0.41
Ireland†	1.1960-1.2025	1.1960-1.1970	0.33-0.28c pm	3.06	0.85-0.78 pm	2.75
Canada	1.2307-1.2325	1.2315-1.2320	0.04-0.01c pm	0.24	0.10-0.07 pm	0.28
Nethlnd.	2.8890-2.9036	2.8985-2.9005	0.95-0.85c pm	3.72	2.55-2.45 pm	3.45
Belgium	52.45-52.75	52.69-52.71	4-2c pm	0.68	2 pm-1 dis	0.04
Denmark	9.3170-9.3700	9.3500-9.3550	1.60-2.30ore dis	−2.50	2.40-3.40dis	−1.24
W. Ger.	2.5740-2.5915	2.5875-2.5885	0.92-0.87pf pm	4.15	2.48-2.43 pm	3.80
Portugal	123.86-124.30	123.86-124.16	150-320c dis	−22.74	500-800dis	−22.58
Spain	150.10-150.60	150.40-150.50	190-225c dis	−16.55	540-640dis	−15.69
Italy	1,567½-1,573½	1,572½-1,573½	11-11½ lire dis	−8.68	33-34 dis	−8.52
Norway	7.2730-7.2900	7.2850-7.2900	2.25-2.55ore dis	−3.96	6.30-6.60dis	−3.54
France	7.8900-7.9425	7.9075-7.9125	2.45-2.65c dis	−3.86	10.60-11.10d	−5.48
Sweden	7.7320-7.7800	7.7560-7.7600	1.35-1.55ore dis	−2.25	4.35-4.55dis	−2.30
Japan	231.70-232.85	232.20-232.30	0.63-0.58y pm	3.12	1.80-1.75 pm	3.06
Austria	18.11-18.20½	18.18-18.19	5.90-5.30gro pm	3.69	15.75-13.75pm	3.24
Switz.	2.0940-2.1060	2.1040-2.1050	1.12-1.07c pm	6.25	2.95-2.90 pm	6.56

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 53.67-53.72.

EXCHANGE CROSS RATES

Oct. 11	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Fran
Pound Sterling	1.	1.507	3.900	350.0	11.915	3.173	4.370	2369.	1.850	79.40
U.S. Dollar	0.664	1.	2.589	232.3	7.909	2.106	2.901	1573.	1.232	52.70
Deutschemark	0.256	0.386	1.	89.74	3.056	0.816	1.121	607.4	0.476	20.36
Japanese Yen 1,000	2.857	4.304	11.14	1000.	34.04	9.064	12.49	6769.	5.301	226.9
French Franc 10	0.838	1.264	3.273	293.7	10.	2.663	3.668	1988.	1.557	66.64
Swiss Franc	0.315	0.476	1.228	110.3	3.756	1.	1.377	746.7	0.585	25.03
Dutch Guilder	0.229	0.345	0.893	80.09	2.727	0.726	1.	542.1	0.425	18.17
Italian Lira 1,000	0.422	0.636	1.646	147.7	5.030	1.330	1.845	1000.	0.783	33.50
Canadian Dollar	0.539	0.816	2.102	188.6	6.421	1.710	2.358	1277.	1.	42.79
Belgian Franc 100	1.258	1.897	4.912	440.8	15.01	3.996	5.504	2984.	2.337	100.

FINANCIAL FUTURES

Prices retreat

Interest rate contracts retreated on the London International Financial Futures Exchange yesterday, as cash prices fell in the gilt market, and U.S. Treasury bond prices declined. U.S. trading dominated sentiment with Chicago Board of Trade bond futures losing ground on disappointment at the lack of change in monetary policy at the August Federal Open Market Committee meeting. December Eurodollars opened at 90.23, and fell to a low of 90.19, before closing at 90.21, compared with 90.27 on Monday.

Gilt futures opened on a firm note, ahead of yesterday's announcement about U.K. mid-September money supply, bnt then lost ground as attention concentrated on tho U.S. bond market. Apart from disappointment at the August FOMC meeting, and speculation that the September meeting probably came to the same conclusion, prices also fell on the high level of Federal funds rate, which remained at 9¼ per cent, despite Fed intervention in the New York money market.

It bed already been accepted that the UK anthorities only allowed last week's cut in London clearing bank base rates after seeing good money supply figures, and the fall of about ½ per cent in sterling M3 was largely discounted, baving little influence on the market.

Long term gilt futures for December delivery began at 106-27, and rose to a best level of 107-02, but fell to 105-30, and closed at 106-00, compared with 106-26.

Three-month sterling deposit futures finished at 90.66 for the December month, after opening at the same level, and trading within a narrow range of 90.65 to 90.69, compared with the previouse lose of 90.70.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.21	90.26	90.18	90.27
March	89.90	89.97	89.88	89.97
June	89.66	89.72	89.65	89.75
Sept	89.40	—	—	89.48
Dec	89.15	89.21	89.15	89.25

Volume 2,567 (2,153)
Previous day's open int 7,394 (7,088)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.66	90.69	90.65	90.70
March	90.37	90.38	90.35	90.42
June	90.17	90.17	90.16	90.21
Sept	89.89	89.89	89.86	89.98
Dec	89.63	89.68	89.62	89.96

Volume 865 (858)
Previous day's open int 5,326 (5,148)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	106-00	107-03	105-30	106-26
March	105-13	106-04	105-10	106-12
June	106-04	—	—	105-30
Sept	104-22	—	—	105-16
Dec	104-08	—	—	105-02

Volume 4,468 (2,543)
Previous day's open int 3,111 (3,008)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 12 to 22 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.5085	1.5144	1.5070	1.5140
March	1.5100	1.5150	1.5100	1.5153
June	1.5115	—	—	1.5163

Volume 360 (647)
Previous day's open int 1,266 (1,347)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3890	0.3907	0.3887	0.3896
March	0.3923	—	—	0.3928
June	0.3956	—	—	0.3961

Volume 113 (52)
Previous day's open int 795 (779)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4797	0.4814	0.4794	0.4809
March	0.4860	—	—	0.4872
June	0.4922	—	—	0.4934

Volume 23 (14)
Previous day's open int 139 (138)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4330	0.4336	0.4318	0.4318
March	0.4361	—	—	0.4349
June	0.4396	—	—	0.4384

Volume 58 (31)
Previous day's open int 151 (156)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	71-25	72-18	71-22	72-17
March	71-08	71-29	71-05	71-31
June	70-26	71-14	70-24	71-17
Sept	70-15	71-02	70-12	71-05
Dec	70-05	70-24	70-02	70-27
March	69-29	70-08	69-26	70-18
June	—	—	—	70-12
Sept	69-17	69-23	69-15	70-06
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.97	91.07	90.93	91.09
March	90.65	90.72	90.62	90.73
June	90.43	90.49	90.41	90.49
Sept	90.23	90.28	90.20	90.29
Dec	90.02	90.05	90.02	90.09
March		89.83	89.83	89.90
June	—	89.66	89.64	89.71

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.32	90.40	90.29	90.39
March		90.03	89.93	90.02
June	89.69	89.78	89.68	89.76
Sept	—	89.46	89.45	89.52
Dec	—	—	—	—
March	—	—	—	—

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.91	90.00	89.89	89.89
March	89.90	89.68	89.59	89.57
June	89.36	89.44	89.35	89.43
Sept	—	89.18	89.13	89.20
Dec	—	88.97	88.91	89.03
March	—	88.89	89.69	88.77

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.5030	1.5150	1.5015	1.5200
March	1.5030	1.5170	1.5020	1.5210
June	—	1.5070	1.5070	1.5270
Sept	1.5140	—	1.5140	1.5240
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	68-04	68-17	68-02	68-19
March	67-10	67-21	67-08	67-22
June	66-18	66-27	66-02	66-31
Sept	66-01	66-03	66-01	66-14
Dec	65-25	65-25	65-21	66-00
March	—	—	—	—
June	65-04	65-04	65-00	65-19
Sept	—	—	—	65-02
Dec	—	—	—	—
March	—	—	—	—

MONEY MARKETS

UK rates show little change

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

UK interest rates wore bardly changed from Monday's levels in the London money market yesterday. Trading was rather featureless with U.S. interest rates only a shade firmer and UK money supply figures much as expected. A fall in M3 had been discounted by the market since previous indications had probably prompted the Bank of England to encourage a fall in base rates. Overnight funds yesterday wore a little bard to come by in the latter part of the afternoon with the Bank of England giving less belp than the forecast shortage. Overnight money opened at 9-9½ per cent and eased initially to 8¾-9 per cent before bardoning a shade to 8¾-9 per cent. During the afternoon rates moved through 9½ per cent to finish bid at 20 per cent.

The Bank of England forecast a shortage of around £200m, later revised to £250m. Factors affecting the market included maturing assistance and a take up of Treasury bills together draining £166m and Exchequer transactions a further £153m. On the other band there was a fall in the note circulation of £54m and banks brought forward balances £26m ebove target. Assistance in the morning comprised purchases of £97m of eligiblo bank bills, £16m in band 2 (15-33 days) at 9 per ceot, £11m in band 3 (34-63 days) at 8½ per cent and £70m in band 4 (64-91 days) at 8¾ per ceot.

Further assistance was given in the afternoon of £39m, making a grand total of £131m. The afternoon bolp comprised purchases of £5m of eligible bank bills in band 1 (up to 14 days) at 9⅛ per cent and in band 2 £5m of Treasury bills at 9 per cent and £6m of eligible bank bills at 9 per cent. In band 4 it bought £23m of eligible bank bills at 8⅞ per cent.

In Frankfurt call money rose to 5.55 per cent from 5.525 per cent as the market repaid a DM 6.5bn repurchaso agreement. There was littlo early indication of the Bundesbank's intention to replace the facility and commercial banks are expected to rely beavly on borrowing through tho Lombard facility.

LONDON MONEY RATES

Oct. 11 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight........	—	8⅞-20	8⅞-9	—	—	9-9½	8¾-9	—	—	—
2 days notice...	—	—	9-9⅛	—	—	—	—	—	—	—
7 days or......	—	—	—	—	—	9¼-9⅜	—	—	—	—
7 days notice ..	—	9-9⅛	9⅛	—	—	—	9	—	—	—
One month......	9⅛-9⅛	9¼-9⅛	9¼	9¾-9½	9¼	9½	9	9⅛-9⅛	8⅞	9⅜
Two months....	9⅛-9¼	9¼-9⅜	9⅛	9¾-9½	9⅜	9⅜	8⅞-9	8⅞-8⅞	8⅞	9⅛
Three months..	9⅛-9¼	9⅛-9⅛	9⅛-9⅜	9¾-9½	9⅜	9⅝	8¾-9	8⅞-8⅞	8⅞	9⅛
Six months......	9⅛-9¼	9⅛-9½	9½	9¼-8⅞	9½	—	—	—	8⅞-8⅞	9⅛
Nine months......	9⅛-9⅜	9⅜-9¾	9⅝	9⅞-9⅜	9⅛	—	—	—	—	—
One year........	9⅜-9⅝	9¾-9⅞	9¾	9⅞-9⅜	9⅛	—	—	—	—	—
Two years......	—	—	10¼-10½	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate lor interest period September 7 to October 4 1983 (inclusive) 9.718 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10¾ per cent; four years 10⅞ per cent; five years 11 per cent. ⊕ Bank bill rates in table are buying rates lor prime paper. Buying rates lor four months' bank bills 8¹⁷⁄₃₂ per cent; four months trade bills 9¹⁷⁄₃₂ per cent.

Approximate selling rate lor one-month Treasury bills 9 per cent; two months 8²⁷⁄₃₂-8²⁵⁄₃₂ per cent and three months 8²³⁄₃₂ per cent. Approximate selling rate for one-month bank bills 9 per cent; two-months 8²⁵⁄₃₂ per cent; and three months 8⅞ per cent; trade bills 9¹¹⁄₃₂ per cent; two months 9¹⁰⁄₃₂ per cent and three months 9⅛ per cent.

Finance Houses Base Rate (published by the Finance Houses Association): 10 per cent from October 1 1983. London and Scottish Clearing Bank Rates lor lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5½ per cent.

Treasury Bills: Average tender rates of discount 8.8639 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¼ per cent; three-six months 9¼ per cent; six-12 months 19 per cent. Under £100,000 9½ per cent from October 6. Deposits held under Series 4-5 19 per cent. The rate for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES
(Market closing rates)

Oct. 11	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9-9⅛	9-9⅛	9¼-9⅜	9⅛-9⅛	9⅛-9⅜	9¼-9⅞
U.S. Dollar. ..	9⅛-9⅛	9⅛-9⅛	9⅜-9⅜	9⅛-9¾	9⅜-9⅞	9⅞-10⅛
Can. Dollar..	9⅜-9⅞	9¼-9¾	9⅛-9⅞	9⅛-9⅜	9⅛-9⅛	9⅜-9⅞
D. Guilder. ..	6-6¼	6-6¼	5⅞-6⅛	6⅛-6¼	6⅛-6⅛	6⅛-6⅛
S. Franc......	2⅛-2⅜	3¼-3½	3⅛-3⅛	3⅞-4⅛	4⅛-4⅛	4⅛-4⅛
Deutschm'rk	5⅛-5⅛	5⅛-5⅜	5⅜-5⅛	5⅜-5⅞	6⅛-6	6⅛-6⅛
Fr'nch Franc	12⅜-12⅜	12⅜-10⅜	10¾-13	14¾-15	16⅞-16⅛	16¾-16⅜
Italian Lira..	16¾-16¾	15¾-17¼	17⅛-17⅞	17⅞-18⅜	16¼-18¾	18⅞-19½
Belg. Franc..						
Conv........	6⅛-7⅛	7⅜-9⅛	8⅛-9	9⅜-10	9¾-10¼	10-10⅛
Fin..........	6⅜-7	6¼-6¾	8⅞-9⅛	9⅜-9⅝	9¾-10	10-10¼
Yen	5⅜-6⅜	6⅛-6⅛	6⅛-6⅛	6⅜-6⅝	6⅛-6⅝	6⅛-6⅛
D. Krone......	19¾-12¼	12⅛-14	11⅜-12⅛	11⅛-11⅜	11⅜-11⅞	11-11⅛
Asia $ (Sing.)	9⅛-9⅜	9⅛-9⅛	9⅜-9½	9⅛-9⅜	9⅜-9¾	9⅞-10

FT LONDON INTERBANK FIXING
(11.00 a.m. OCTOBER 11)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 9/16	offer 9 11/16	bid 9 11/16	offer 9 13/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9½-9⅞
Treasury bills (13-week)	8.76
Treasury bills (26-week)	8.93

GERMANY

Lombard	5.5
Overnight rate	5.55
One month	5.80
Three months	6.175
Six months	6.175

FRANCE

Intervention rate	12.25
Overnight rate	12.625
One month	12.6875
Three months	12.6875
Six months	12.75

JAPAN

Discount rate	5.5
Call (unconditional)	6.65625
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4
Overnight rate	1½-2½
One month	3⅞-3⅞
Three months	3¾-4⅛

NETHERLANDS

Discount rate	5
Overnight rate	5⅞-6
One month	5⅞-6
Three months	6⅛-6¼
Six months	6¼-6⅜

$ CERTIFICATES OF DEPOSIT

One month	9.25-9.35
Three months	9.35-9.45
Six months	9.45-9.65
One year	9.65-9.85

LONG TERM EURO $

Two years	10⅞-11⅛
Three years	11⅛-11⅜
Four years	11⅛-11⅜
Five years	11¾-12

SDR LINKED DEPOSITS

One month	8⅞-8⅞
Three months	8⅞-9⅛
Six months	9⅛-9⅛
One year	9⅛-9⅜

ECU LINKED DEPOSITS

One month	8⅞-9⅛
Three months	9⅛-9⅛
Six months	9⅛-9⅛
One year	9⅞-10⅛

CONTRACTS AND TENDERS

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INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for October 11.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¼ 88	100	94¾	95¼	−0⅛	−0⅛	11.35
Bank of America 8 98 XW	150†	86⅞	87⅜	0	+0¼	11.87
Bank of Tokyo 11 90	100	96	96½	0	+1⅛	11.83
British Col Hyd 10¾ 88	200	97½	97⅞	−0¼	−0⅛	10.99
C.C.C.E. 11¾ 97	100	94⅝	95⅛	−0⅞	0	12.52
C.C.C.E. 12⅝ 95	75	99½	100	−0¼	−0¼	12.66
Can Imp Bk Com 11 90	75	92⅞	93⅜	−0⅛	+0½	12.58
Citicorp O/S 10⅞ 90	100	92⅞	93⅜	0	+0⅛	11.91
Citicorp O/S 11¾ 90	100	97¾	98¼	−0⅞	−0⅞	12.10
Coca Cola Int 9⅞ 92	100	92⅞	92⅞	−0⅛	−0¾	11.22
Cred Suisse BAH 10½ 90	150	97	97½	−0⅛	+0⅜	11.69
Den Norsk Cred 11¼ 93	50	94	94½	−0⅛	+0¼	12.27
Du Pont 11¼ 95	150	99¼	99¾	−0¼	−0¼	11.31
E.C.S.C. 11⅞ 90	75	99⅝	100⅛	−0¼	−0¼	11.88
E.D.C. 11¾ 87	100	100⅝	101⅛	−0¼	−0⅜	11.46
E.D.F. 11⅛ 93	100	93¼	93¾	−0¼	−0⅜	12.29
E.E.C. 11 87	350	98⅝	99⅛	−0¼	−0⅜	11.35
E.I.B. 10¾ 93	200	92⅞	93⅜	−0⅛	+0⅛	11.97
E.I.B. 11 91	125	95⅝	96⅛	−0⅛	−0¼	11.83
E.I.B. 11⅞ 93	150	99⅝	99⅝	−0½	−0⅛	12.07
Electrolux 10½ 90	50	91⅞	92⅜	0	+0½	12.27
Enserch Fin 11⅝ 93	100	96⅛	96⅝	−0¼	0	12.26
Fuji Int Fin 10⅞ 90	100	94⅛	94⅝	−0¼	+0⅝	12.19
Gen Elec Credit 9¾ 91	100	92⅛	92⅝	0	−0⅞	11.25
GMAC O/S Fin 10½ 90	200	96⅞	97⅜	0	+0¼	11.13
Honeywell Int 10¾ 90	100	97¾	98¼	0	0	11.17
Indust Bk Japan 10⅞ 90	100	97⅜	97⅞	−0¼	0	11.53
Japan Air Lines 10⅞ 98	42	93	93½	−0¼	−0⅜	11.85
Japan Air Lines 11 93	75	95⅛	95⅝	−0⅛	−0⅛	11.89
J. P. Morgan 11⅜ 90 WW	150	98½	99	0	−0⅛	11.63
Levi Strauss Int 11 90	75	97⅛	97⅝	−0⅛	−0⅛	11.56
L.T.C.B. 10¾ 90	100	94⅞	94⅞	−0⅛	+0⅜	11.94
L.T.C.B. 12½ 90	88	103⅛	103⅝	−0⅛	+0⅜	11.76
Merrill Lynch 10⅝ 90	200	95⅞	96⅜	−0¼	−0⅜	11.47
Mitsubishi Corp 10¼ 88	100	94¾	95¼	−0¼	+0½	11.69
Mitsubishi Fin 11⅜ 88	100	97⅛	97⅝	−0¼	+0⅜	11.94
Nippon Credit 11 90	100	95¼	95¾	−0⅜	+0⅝	11.99
O.K.B. 10 91	100	91¼	91¾	0	+0¼	11.73
Ontario Hydro 10¼ 90	250	93⅞	94¼	−0⅛	+0¼	11.60
Ontario Hydro 11¼ 89	200	100¼	100⅝	0	+0¼	11.14
Prudential O/S 10⅞ 93	100	95¾	96¼	−0⅛	0	11.31
Prudential O/S 12¾ 87	150	104	104¼	−0⅛	−0⅜	11.37
Quebec Hydro 11½ 92	100†	96⅞	97⅛	−0¼	0	12.07
Saskatchewan Pr 10¾ 90	125	96½	97	−0⅛	+0⅜	11.46
S.N.C.F. 11½ 93	100	97⅜	97⅞	−0⅛	+0⅞	11.90
Sth Cal Edison 10½ 90	75	96¾	97¼	−0¼	0	11.14
Sumitomo Fin 10⅞ 90	100	94⅝	95⅛	−0¼	+0¼	12.01
Swiss Bk Corp 10¼ 90	250	98⅞	99⅜	−0¼	+0⅛	10.54
Texaco Capital 9¾ 90	150	94	94¼	−0¼	−0⅜	11.02
U.B.S. 10 88	100	98¼	98¾	−0¼	+0¼	10.39
U.B.S. 11 89	150	102	102½	−0¼	−0⅛	10.47
Westpac Int Fin 11 90	100†	94½	95½	+0¼	+1½	12.11
World Bank 10⅞ 90	150	96⅝	97⅛	−0⅛	−0½	11.26
World Bank 10⅞ 93	100	94½	95	−0⅛	0	11.86
World Bank 11⅛ 88	100	99⅛	99⅝	−0⅛	+0⅛	11.40
World Bank 11½ 90	150	98½	99	−0⅛	0	11.76
World Bank 12 93	200	100¼	100¾	0	+0⅛	11.90

Av. price changes: on day −⅛, on week +⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅞ 93	100	101⅛	101⅝	+0½	+2¼	7.15
A.N.A.S. 9¼ 88	100	99	99½	0	−0⅛	9.43
Arab Banking Corp 8 88	100	97⅛	97⅝	0	0	8.67
Austria, Rep 7⅝ 89	100	99⅞	100⅜	0	+1⅛	7.58
Austria, Rep 8 93	100	101⅛	101⅝	0	+1⅜	7.77
Avon Int Fin 7½ 93	100	100	100½	−0⅛	+1⅛	7.45
Beatrice Foods 7¾ 93	130	102⅞	103⅜	+0¼	+0¼	7.38
B.F.C.E. 8⅛ 90	150	101¼	102	+0⅛	+1⅛	7.92
Comp Tel Nac Esp 8¼ 93	100	96½	97½	+0⅛	+1⅛	8.71
Dresdner Finance 4 90 WW	250	105	106¼	−0½	−1⅞	3.06
Dresdner Finance 4 90 XW	250	83⅝	84⅛	−0⅜	+0½	7.84
E.C.S.C. 8 90	160	101⅞	101⅞	−0⅛	+0⅞	7.68
E.E.C. 8¼ 93	250	101⅞	102⅜	+0⅜	+0⅜	7.98
E.I.B. 8 93	200	99⅛	99⅝	−0⅛	−0⅛	8.09
Eurofima 7½ 90	100	100⅛	100⅝	0	+1⅛	7.39
Finland Rep 7½ 88	160	98⅞	99⅜	0	−0⅛	7.68
Int Standard El 7¾ 93	100	100½	101	−0⅛	+1	7.63
Ireland 8⅛ 91	150	99⅝	100⅛	−0¼	−0¼	8.54
Japan Dev Bank 7¼ 90	100	101¼	101⅞	0	+1½	7.20
Kobe City 7 93	120	97	97½	+0⅛	+1⅜	7.49
L.T.C.B. 8 90	100	102⅞	102⅞	−0¼	+0⅝	7.49
Renault Acceptance 8 90	150	98⅛	98⅝	−0⅛	+0½	8.31
S.D.R. France 7⅞ 93	100	97	97½	0	+0½	8.29
Sth African Tran 8¼ 90	100	99	99½	+0⅛	+0¼	8.39
World Bank 7½ 90	250	97⅝	98⅛	0	+0½	7.91
World Bank 7½ 88	300	99⅞	100⅜	+0¼	+0¾	7.84

Av. price changes: on day 0 on week +½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅝ 93	100	99½	99¾	−0½	−0¼	5.81
Bank of Tokyo 6 91	100	102¾	103	+0⅜	+0¾	5.54
Bergen, City of 5¾ 95	40	99	99½	+0⅛	−0⅜	5.84
Carls-Tuborg Brw 5¾ 93	80	101¼	102	+0¼	0	5.49
Denmark 6⅞ 91	100	102⅞	102⅞	+0⅛	−0½	5.99
E.D.C. 5⅝ 91	100	100⅝	100⅝	−0⅛	+0½	5.29
E.I.B. 5¾ 93	100	99½	99¾	0	+0½	5.80
Ex-Im Bk Japan 5⅝ 91	100	99¼	99½	0	+0½	5.72
Ind Fund Finland 9¼ 01	40	101	101¼	−0½	+0⅛	6.06
Int-Am Dev Bk 6⅛ 93	100	100	100¼	0	−0½	6.10
Japan Dev Bank 5½ 93	100	98¾	99	−0¼	+1¼	5.65
Japan Dev Bank 5⅞ 93	100	100⅞	101½	−0¼	+1	5.74
Kansai Elec Power 6 01	100	103	103¼	+0½	0	5.48
Kawasaki Steel 6⅛ 01	100	101⅞	102½	0	+0½	5.79
Montreal Urban 5¾ 93	100	101¾	102	+0⅛	+0½	5.48
Mount Isa Finance 9 93	100	102¼	102½	−0⅛	−0¼	5.67
Nisshin Steel 6¼ 91	100	100	100¼	0	0	6.22
Oster Donaukraft 9 93	100	102½	102¾	−0¼	+0⅛	5.64
Ostern Post 9¼ 01	100	102	102¼	−0⅜	−0⅜	5.77
Quebec Hydro 5½ 93	100	101	101½	0	−0⅜	5.34
Sekisui House 5 93	100	101	101¼	−0⅛	−0¼	5.44
Sumitomo Heavy Ind 6 91	100	100	100½	−0¼	+0⅜	5.56
Sumitomo Metal Ind 6 01	100	100½	100¾	−0⅛	0	5.89
Tokyo Elec Power 5⅞ 91	100	100¾	101	0	−0½	5.73
Trizec Corp 8¼ 97	100	101	101½	−0⅛	0	8.05
World Bank 5⅝ 93	100	99	99¼	0	−0¼	5.74

Av. price changes: on day 0, on week −⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	104⅝	105⅛	0	−0⅜	7.63
E.I.B. 8⅛ 92	15	102⅝	103⅛	−0½	+0⅜	7.75
Japan Airlines 7⅜ 87	9†	101⅞	102⅜	0	0	7.98
New Zealand 7⅞ 89	15	102⅛	102⅝	0	+0⅛	7.12
World Bank 8⅜ 92	20	103½	104½	0	−0¼	7.72

Av. price changes: on day 0, on week −⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12¼ 90 CS	75†	97½	98	+0¼	+0⅜	12.52
Norcen 12¾ 93 CS	60†	97¾	97⅞	−0⅜	−0⅛	13.18
TD MTG Corp 12½ 88 CS	40†	100½	101	+0½	−0¼	12.27
Quebec Hydro 12¾ 93 CS	50†	99⅞	99⅜	+0⅜	−1⅞	12.86
Royal Trstco 12⅝ 88 CS	50†	99½	99⅞	0	−0⅛	12.78
World Bank 12¼ 90 CS	75†	99½	99⅞	+0⅜	+0⅛	12.38
Xerox Canada 17 88 CS	40†	102¼	102¾	−0¼	−0⅛	11.28
E.E.C. 11¼ 93 ECU	70	100⅛	101⅛	0	+0⅛	11.14
Genfinance 11 90 ECU	60	98⅝	99⅛	+0½	+0½	11.18
Algemene Bank 8¼ 88 Fl	150	100½	101	0	+0⅛	8.54
Bank Mees & Hope 9 88 Fl	75	101⅞	101½	+0⅛	+0⅛	8.58
Elect Sup Brd 8¾ 88 Fl	75	97¾	98¼	+0¼	−0⅜	9.28
P.H.P. 8⅛ 88 Fl	50	100¼	100¾	0	+0¼	8.61
Swed Exp Cred 7¾ 88 Fl	100	98⅛	98⅝	0	−0½	8.74
World Bank 9 88 Fl	100	102⅜	102⅞	+0⅛	+0¼	8.32
O.K.B. 14 88 FF	400	100½	101½	−0⅛	0	13.77
Solvay & Cie 14¾ 88 FF	200	101⅞	102⅞	0	+0⅜	13.42
B.F.C.E. 11½ 88 £	50	98⅛	98⅝	−0⅛	0	11.93
British Oxyg 11¾ 91 £	50	100⅛	100⅝	0	0	11.62
CEPME 11¼ 95 £	35	98½	99½	−0⅛	0	11.73
E.E.C. 11⅞ 91 £	50	99¾	100¼	−0⅛	+0¼	11.84
E.E.C. 11⅞ 93 £	50	99½	100	0	0	11.92
Fin For Ind 10½ 90 £	20	94	94¾	−0⅛	0	11.74
Finland Rep 11⅞ 88 £	50	99½	99⅞	0	+0⅜	12.08
Fin Mat Oranj 12⅜ 92 £	30	101⅞	102⅜	0	+0⅜	12.19
Gen Elec Co 12⅛ 88 £	50	102⅜	102⅞	0	+0⅛	11.64
I.I.I. 10¾ 93 £	25	93¾	94¼	−1⅛	−1¼	11.85
Mort Bk Fin 11⅜ 89 £	15	96⅞	97⅞	0	+0⅛	12.37
Norsk Hydro 12 88 £	30	102¼	103	+0⅛	−0⅛	11.38
Sweden 11¼ 93 £	50	96⅞	97⅜	0	+0⅛	11.81
Swed Exp Cred 11¼ 88 £	30	97½	98¼	+0⅛	+0⅛	11.83
World Bank 11¼ 88 £	100	98	98⅝	0	+0¼	11.56
World Bank 11⅜ 91 £	75	99⅞	100⅜	−0¼	0	11.32
Eurotom 11 93 LuxFr	500	100⅛	101⅛	−0⅛	−0½	10.79
Europarat 10¾ 93 LuxFr	600	102¼	103¼	−0½	−0⅜	10.26

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.F.C.E. 5¼ 87	0¼	99¾	100	27/1	10⅞	10.88
B.F.C.E. 5⅛ 90	0¼	99⅝	99⅞	28/1	10.18	10.20
Caisse Nat Tele 5¼ 90	0¼	99¼	99½	21/10	9.56	9.62
C.C.F. 5¼ 95	0¼	99⅞	99⅝	7/4	9.94	9.99
C.C.F. 5¼ 98	0¼	99⅝	100⅛	24/3	10.19	10.15
Cepme 5¼ 88 WW	0¼	99⅝	100⅛	3/12	10.56	10.57
Cepme 5¼ 92	0¼	99⅞	100	18/12	10½	10.51
Chemical NY 5¼ 94 ††	0¼	100⅝	100⅞	23/12	10	9.93
C.N.C.A. 5¼ 95 XW	0¼	99¼	99½	7/12	10	10.06
C.N.T. 5¼ 91	0¼	99	99¼	8/11	9¼	9.33
Credit Agricole 5¼ 97	0¼	99½	99¾	24/3	10.31	10.35
Credit Lyonnais 5¼ 94	0¼	99½	99¾	5/1	10.31	10.35
Credit Lyonnais 5¼ 97	0¼	99⅝	99⅞	1/4	10	10.05
Credit Nat 5⅛ 94	0¼	99⅝	99⅞	9/3	10¾	10.78
E.D.F. 5¼ 95 XW	0¼	99⅞	100⅛	10/2	11⅜	11.38
E.E.C. 5 90	0¼	99¾	100⅛	9/1	10.19	10.19
Kansallis Osake 5¼ 92	0¼	100⅛	100⅜	6/11	9⅛	9.07
Long Term Cred 5¼ 87	0⅜	100	100¼	27/11	9¾	9.74
J.P. Morgan 5¼ 97 $	0¼	100⅝	101	12/11	10.81	10.72
New Zealand 5¼ 87	0¼	100⅛	100⅝	2/4	9⅞	9.85
NZ Steel Dev 5⅜ 92	0¼	100⅛	100½	22/12	10¼	10.21
Nippon Credit 5¼ 90	0⅛	100½	100⅞	18/2	11⅛	11.18
Soc Generale 5¼ 90 XW	0¼	99¼	99½	8/11	9⅛	9.18
Societe Generale 5¼ 95	0¼	99⅞	100⅛	1/3	10.31	10.31
Sweden 5¼ 88	0⅛	100⅜	100⅝	26/2	10.15	10.16
Sweden 5⅛ 03	0⅛	100⅜	100⅝	3/2	11.19	11.13

Av. price changes: on day 0, on week 0

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 98	3/82	470	117⅞	119⅜	−2	5.92
Canon 7 97	7/82	748.2	227	229	−5⅛	9.80
Daiwa Sec Co 5½ 98	10/83	588	96⅞	98⅜	−0⅛	1.81
Hitachi Cable 5⅝ 98	2/82	515	108¼	109¾	−1⅛	−0.81
Honda Motor 5⅝ 98	6/83	884	115	118	−4⅛	−2.12
Honda Motor 5½ 97	3/83	759.8	132¾	134½	−4⅞	−3.33
Kumagai Gumi 6½ 97	10/82	480	124	125¾	−1⅛	−1.59
Kyowa Hakko 5⅛ 97	2/83	782	114⅞	116⅜	−1⅛	9.35
Minebea Co Ltd 5⅝ 98	5/83	687	135⅜	136⅞	−3⅛	1.22
Mitsubishi Electric 5⅝ 98	6/83	396	118⅞	120⅜	−2⅞	1.77
Nippon Electric 5⅝ 97	2/82	765.9	180¼	182¼	−1½	1.93
Nippon Oil Co 5½ 98	4/83	984	127½	128½	−2¾	2.24
Nissan Motor 5⅝ 98	4/83	770	100⅝	101⅝	−1¼	5.74
Olympus Optical 6⅛ 97	12/82	1331	188	189½	−0⅝	8.24
Orient Finance 6¼ 97	3/82	827.2	94¼	95¾	−1⅛	1.50
Orient Leasing 5⅛ 98	8/83	2880	87⅛	88⅞	−1⅛	−5.78
Secom 5 98	11/83	2920	118⅞	120⅜	−2¼	−0.46
Sumitomo Electric 5½ 97	3/82	577.3	118⅝	120⅛	−2¼	−1.51
Yamaichi Sec Co 5 90	8/83	472	95⅝	98⅜	−0½	1.53
Yamanouchi Pharm'cal 4 00	10/83	1888	94⅞	95¾	−3⅞	−1.52
NEC Corp 3¼ 93 SF	8/83	578	150⅞	152¼	+0⅛	1.20
Settsu Paper 3⅞ 93 SF	9/83	715	101⅛	103⅛	−0⅛	13.09
Asics 5 92 DM	12/83	520	106¾	107¾	−0⅛	12.13
Konishiroku 6⅛ 88 DM	6/82	818	119⅝	120⅝	−0⅛	1.68
Sumi Realty 6⅛ 92 DM	2/83	365	128	129	−1	−4.76

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week — Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dte — Date next coupon becomes effective. Spread — Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. — current coupon. Cy. yld — current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day — Change on day. Cnv. date — First date for conversion into shares. Cnv. price — Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem — Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

New issues ignore weaker trend in Eurobond prices

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

FALLING EUROBOND prices failed to staunch the flow of new issues yesterday; new bonds were announced for both the Nordic Investment Bank and Montreal Urban Community.

Both are raising $75m with coupons at the higher end of the range recently established for new issues. The Nordic Investment Bank bond, which is led by Credit Suisse First Boston, bears a coupon of 11¾ per cent over seven years at issue price 99¾. The bonds carry four-year warrants entitling holders to buy 11 per cent bonds with a bullet maturity of seven years.

Simultaneously Montreal Urban Community announced an offering of 12 per cent, seven-year bonds at par through Credit Suisse First Boston.

Dealers were uncertain, however, how easily the bonds would sell in a market that has turned markedly weaker since the start of the week. On the secondary market, dollar Eurobonds slipped by up to ½ point yesterday as the New York bond market opened sharply lower after the Columbus Day holiday.

The weakness of the Eurobond market has now left some new issues looking out of line with current yields. Monday's 11⅝ per cent bond for Norway's Eksportfinans traded at a discount of two points from its par offer price yesterday. Canada's $500m, 10⅞ per cent issue, which has been supported by lead managers this week, was quoted at a discount of 1⅛ points.

Continental markets also picked up the weaker trend signals from New York and both Swiss and German issues were slightly lower where changed. In Germany the European Investment Bank launched a DM 100m, five-year 8 per cent private placement through WestLB. The paper is to be placed exclusively at an issue price of 99¾ with the savings banks of North-Rhine-Westphalia.

Paul Cheeseright adds from Brussels: Lenders to the European Economic Community face no risks from the budgetary crisis facing the EEC, officials stated yesterday. Such worries are misplaced, they said, because the budget question has only limited application to debt servicing.

Provision is made in the EEC budget for debt servicing, but under EEC regulations, funds from one part of the budget cannot be transferred to another part which has run out of cash.

Colombia arranges new $100m credit

BY OUR EUROMARKETS CORRESPONDENT

COLOMBIA'S state coal authority Carbocol has arranged a $100m short-term credit facility from Manufacturers Hanover.

The U.S. bank declined yesterday to give details of the facility, which was agreed during last month's annual meeting of the International Monetary Fund in Washington, but it is understood to be a one-year trade-related facility.

Colombia's substantial coal reserves have been one of the factors helping to maintain its international credit rating at a time when most other countries in Latin America are having to reschedule their foreign debts.

Colombia recently arranged a $225m loan from a syndicate of banks co-ordinated by Chemical Bank, but has not yet been able to draw the funds because of a legal hitch that was only discovered at the signing ceremony three weeks ago.

The hitch centres around uncertainty over whether the loan contract, which is the first Colombian agreement under British law, is valid if signed outside the country, but it does not appear to have affected Manufacturers' willingness to go ahead with the $100m facility for Carbocol.

FINANCIAL TIMES SURVEY

Airports

PLANNING AND CONSTRUCTION

Many new airports are likely to be built worldwide, and many existing ones expanded, to meet the anticipated growth of air travel by the end of this century. Competition for this $80bn-worth of international business is intensifying, with $24bn of work under way or planned.

Glyn Genin

The new circular "satellite" terminal at Gatwick, which is linked to the airport's main terminal building by an automatic "people mover" rail system, the first of its kind at any airport in Britain. The satellite replaces the former North Pier, now demolished. Another major new terminal is being built

Period of growth on the way

BY MICHAEL DONNE, Aerospace Correspondent

MOST REGULAR air travellers will know only too well that at almost every major airport in the world there is some building work going on either to expand or modernise existing facilties, or introduce new ones. This is to cater not only for current needs but also for the travel expansion anticipated throughout the rest of this century.

For although the recession undeniably has hit the world air transport industry, cutting the annual rate of growth of scheduled passenger traffic from the average of about 10 per cent a year in the mid-to-late 1970s to only 3 per cent over the past three years, there is now looming a period of recovery and further expansion.

The slackening of growth has been most pronounced in the industrially-developed countries of the Northern Hemisphere, but in many other parts of the world, and especially in South-East Asia and the Far East, the general expansion has continued at a comparatively high level.

It is now estimated that during the rest of this decade, the average worldwide growth in passenger traffic will amount to between 3 and 6 per cent, with substantially higher rates predicted in the Third World, where in many countries air transport has only comparatively recently been accepted as o key to not only economic but also sociological and even political growth, and in consequence has been allocated a high development priority.

As a result, by the early 1990s, it is expected that the current annual total of 765m scheduled service passengers carried worldwide by the airlines of the member nations of the International Civil Aviation Organisation will have doubled, and that through the last few years of this century it will most likely double again.

This means that by the year 2000, well over 2bn scheduled service passengers will be carried by air, and that if the unmeasured number of non-scheduled passengers is also included, the figure could be very much higher.

These figures do much to explain the current emphasis on airport planning and construction throughout the world. All those millions of passengers will need airport facilities through which to pass, and it has been estimated by the International Air Transport Association that total spending worldwide on new airport developments between now and the end of the century could amount to as much as $80bn (over £50bn). And there are some who believe even this figure to be conservative.

This sum is not so fanciful as it might seem. When it can cost up to as much as $500m for a major new international airport (such as the new Changi International at Singapore), or even £150m or more for a single new terminal building alone (as for Terminal Two at Gatwick — £150m — and Terminal Four at Heathrow — £136m — both now under development), even £50bn is not likely to go very far when one considers all the major developments now either under way or in mind.

A list of the world's actual or planned airport development programmes is given elsewhere in this survey, covering individual ventures involving outlays, where known, of over $3m. But it is probable that there are many more programmes under consideration.

The list could include, for example, many of the schemes now contemplated for the 23 municipally-owned provincial airports in the UK, for which a total collective capital spending sum of close to £200m is already earmarked. This is quite apart from the massive sums expected to be spent on any new Terminal Five at Heathrow or the redevelopment of Stansted in Essex.

It is probably impossible to list all the various places where new airport developments may become necessary in the years ahead as the recession ends and recovery in air transport growth is resumed. The estimate of $80bn basic spending on airport and ground facilities up to the end of this century was prepared by the International Air Transport Association, which represents more than 100 of the world's major airlines, in the light of information already known.

But there are many places throughout the world—in the Mediterranean, the North African littoral, the Continent of Africa itself, South-East Asia, the Far East, Australasia-South America—where ideas of new airport development or even expansion of existing airports have not yet begun to stir in the minds of civil aviation planners. But these will eventually provide excellent business for the developers, including consultants, architects, civil engineers, equipment suppliers, and even the professional aviation organisations that may run some of the finished airports for a few years while local nationals are trained to take over.

It seems likely that most scope for the development of new airports will lie outside the highly-industrialised countries of the U.S. and Western Europe. In those countries, including the UK, the strong environmental lobbies seem likely to prevent the provision of any new "green field" sites for airports — where none existed before. With the possible exception of a London dockland "Stolport," all future airport developments in the UK are likely to be extensions to, or adaptations of, existing airports, and even those plans seem likely to be bitterly contested between the environmentalist and air transport lobbies.

Within the air transport industry itself some bitterly divided opinions already prevail, as in the case of the fifth Heathrow terminal versus Stansted.

Even solutions designed to placate the environmentalists (such as the Maplin plan of the late 1960s and early 1970s for a new airport on reclaimed land off the Essex coast), can founder for a variety of political and economic reasons. It is now almost a certainty that in the industrial countries with dense populations, no airport decision will ever satisfy everyone, and many compromises will be necessary.

It is in the emerging, developing countries of the Third World that most of the scope for new airports does and will continue to exist, since in those places either an environmental lobby has not yet emerged or the economic need for civil aviation is such that its development takes a higher priority than any immediate ambition to protect the environment.

Moreover, in many of these countries, more space is available for siting airports away from densely-populated communities, so that the environmental problem can be avoided from the outset.

On the other hand, there are some parts of the world where space is limited—Singapore and in Hong Kong, for example, or on some Mediterranean or

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Consultants' role as project leaders

CONSULTANTS IN airport planning, design and construction provide the vital link between an airport anthority or government department whicb perceives a need for an airport, and the companies that supply the operational equipment, build the terminal buildings and carry out civil engineering work.

Consultants bave a range of roles. They act as project leaders overseeing entire airport projects, or act in more specialised capacities, advising and providing expertise on particular aspects of design, planning, environmental considerations and the selection of equipment.

Consultants are often involved throughout the planning and construction process from the initial idea for an airport, or more airport capacity, through the project definition stage, to the award of contracts to design and building contractors and the equipment suppliers.

The potential rewards for airport consultants over the next 20 years are immense. They stand to gain a substantial proportion of the estimated $24bn that is already earmarked for projects under way or planned throughout the world on new airport sites and on the expansion of existing airports, to meet the forecast rises in traffic demand.

Estimates from the International Air Transport Association show that an estimated $80bn is expected to be spent on the building of new airports or the expansion of existing ones from this year to the end of tho century.

To find out the likely scale of the world market for airport equipment and services, Alan Stratford and Associates, an independent consultancy specialising in airport and airline planning studies, has been awarded a six-month study contract by Britain's National Economic Development Office, through the Airports Export Group of the Civil Engineering Economic Development Committee.

Total market vaines, penetration factors covering the success of companies and countries in markets, and sources of information are all to be investigated. The consultants have also been asked by NEDO to study finance availability and methods, marketing practices and future developments.

The study will include a product-by-product evaluation of UK exports of specialist aviation ground support equipment and services, and will attempt to identify the opportunities likely to be available for manufacturers in world markets over the next five years.

Britain has some of the greatest variety of consultancy organisations. Some of them are private companies, with little or no State involvement.

For example, Plessey Airports is part of Plessey Electronic Systems, and bids as primo contractor and procurement agency for complete airport projects around the world, but especially in Third World countries. Clients of Plessey Airports are not obliged to use Plessey electronic equipment such as radar, which could como from a competitor.

Studies

The company has been awarded an initial contract for Abidjan, on the Ivory Coast, for a new international airport. This is expected to be worth $80m, but so far Plessey Airports has had only $8.8m worth of work, for studies, and the complete project is delayed by financial problems in the country.

Other airport projects underway by Plessey Airports inclnde a plan for a development at Garoua in the Cameroons. This is worth $48m of which an estimated $29m could go to the company. Gabon has awarded a $21.6m contract to the company for the supply and installation of equipment for a new airport, and $10.4m contract has been awarded for an airport on a virgin site in the South African Homeland of Bophuthatswana.

Plessey Airports says it has won orders for $160m of UK airport equipment for airport contracts over the past seven years, but it is not constrained to offer only British equipment.

Airport consultancy organisations in Europe, such as tha French Aeroport de Paris and the Airconsult organisation of Germany, a subsidiary of Flughafen Frankfurt-Main, the Frankfurt Airport Authority, and NACO, the Netherlands Airport Consultancy Organisation, are national organisations which tend to support their country's airport equipment industries.

It was largely to enable the British airport equipment industry as a whole to attempt to win more overseas airport contracts that the UK Airports Group, a relative newcomer to the international airport market, was launched early in 1981. The UK Airports Group is a loose collaboration of specialised British airport equipment makers, under the unofficial leadership of GEC Electrical Projects.

UK Airports Group came together at the instigation of the Department of Trade in an attempt to win more overseas equipment contracts for UK airport equipment suppliers. The members inclndo Marconi Avionics, Plessey Radar, Racal-Decca, Ferranti, Thorn-EMI, Cossor, IAL and British Airports International, the airports consultancy formed by British Airports Authority with IAL. The UK Civil Aviation Authority agreed to join the group provided there was no conflict with its own specialised consultancy work.

Civil engineering skills for airport design and construction are brought in by the group on an ad hoc basis.

At the same time, GEC Electrical Projects, through its own Airport Division, has a lead role in GEC in the management and implementation of complete airport projects.

It was the UK Airports Group, however, which was successful in winning a $24m contract, the group's first, to supply equipment to new Brazilian airports at Sao Paulo and Belo Horizonte last September.

Export credits

The major part of the financing of the project was from export credits, covered by the Export Credits Guarantee Department. Tha UK Airports Group is free to choose the bank to raise the finance, and in the Brazil contract, Lazard Brothers negotiated tho financial loan. The equipment is to be supplied and installed in 1983-84.

Also in Britain, the Civil Aviatiou Authority provides a consultancy service for tho operational aspects of airport design, as distinct from the commercial aspects. Operational design involves taxiway and runway design and layout; lighting for runways; air traffic control; the design and use of air space; telecommunications aids; meteorological and fire and rescue services.

The authority is also involved in a further loose collaborative arrangement, the Airport Consultancy Services group. This embraces the civil engineers Sir Alexander Gibb and Partners; Sir William Halcrow; Sir Frederick Snow; Scott Wilson Kirkpatrick; Maunsell; Brian Colquhoun, and BAI.

Tho essential difference between the Airport Consultancy Service and the UK Airports Group is that the former is not directly involved in the supply of equipment, while that is the main job of the latter group.

In airport design, Britain's Fitch and Company with its airport terminal design division, has had a number of successes and is currently designing the interior of the new Terminal Four at Heathrow Airport, as consultants to the British Airports Authority. Fitch and Company also designed the interior of Terminal Ono and part of Terminal Three.

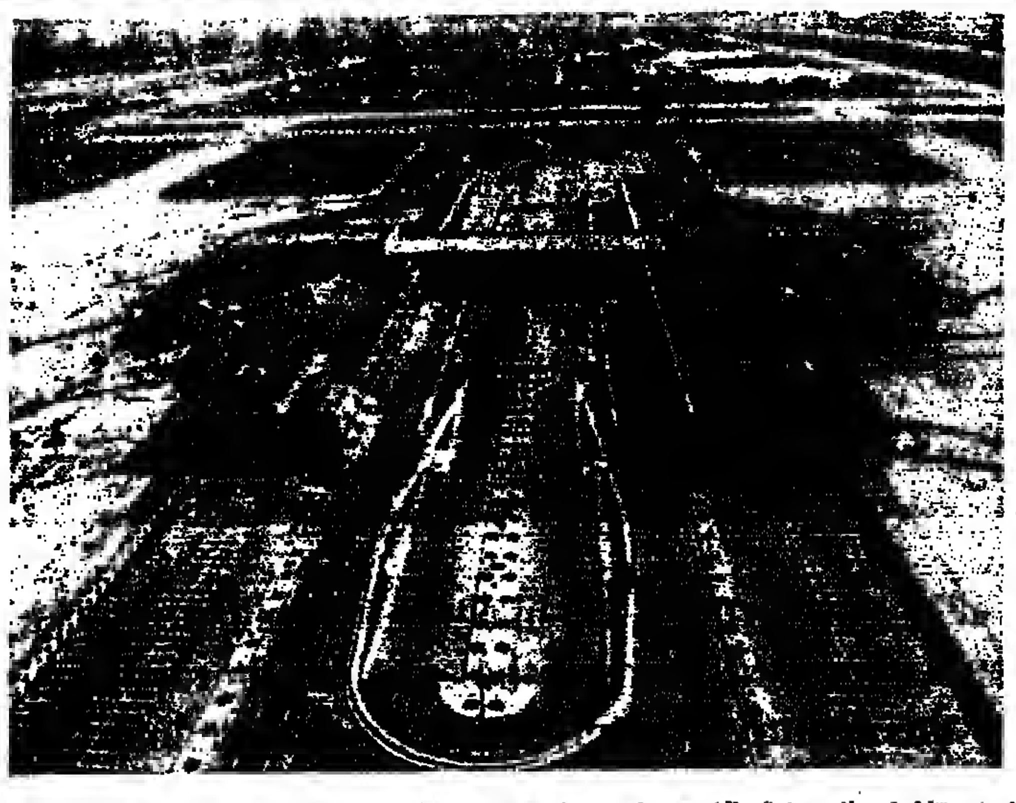
Mr Allan MacKinnon, director of the division, estimates that interior design and fitting out accounts for 10 to 15 per cent of the total costs of airport projects.

Airport designs generally have been dictated by the need to meet operational requirements primarily, with Commercial considerations of design secondary, Mr MacKinnon believes.

Ho says that the recession and its impact on airlines and airports has changed the emphasis, with up to half the revenue from large international airports coming from duty-free shops and other outlets with retail concessions. "These commercial features of airports must be designed into the airport terminal from the start."

In the company's interior design studies for Heathrow's Terminal Four the need for commercial involvement was taken into account from the beginning. "At the basic planning stage of a new airport terminal, the commercial aspects of the design should be given equal weight to the operational factors," Mr MacKinnon says.

Lynton McLain



The new gateway to Jordan and the Middle East is the Queen Alia International Airport at Amman, which came into service earlier this year

Difficult challenges for civil engineers

AIRPORT CONSTRUCTION presents civil engineering challenges often because it is considerations other than the physical suitability of a location which mainly decide where airports finally are built. They must be located for the convenience of their users, not their designers and planners.

To make matters more difficult, the very proximity to centres of population, which is the airport's *raison d'etre*, presents the engineer with the further challenge of serving tha community without disrupting the daily lives of the non-flying majority through noise and other pollution.

When it was decided to develop a new airport at Changi, Singapore, in the mid-1970s, it was found that more than 900 hectares of land would bave to be reclaimed from the sea and three rivers diverted to a manmado canal. In addition the human problems included clearing 600 farmers and squatters, demolishing 600 buildings and exhuming 4,100 graves.

Considering the scope for increase in both importance and scale of air travel, it is perhaps surprising that in terms of expertise and experience, there are no more than a handful of consulting engineering practices in the UK involved in the field, and that only the top half dozen or so of our civil engineering contractors have built airports, at least overseas.

The explanation lies in the process of selection used by clients, whicb is based heavily on word-of-month recommendation and past performance. For the samo reason there are probably no more than 100 companies worldwide which would even be considered by a potential client to build a major airport.

At Sir Frederick Snow and Partners, Mr R. H. R. Douglas, partner in charge of airports, said: "Air travel is often the only means of communication in some Third World countries and the potential for growth is onormous, as it is far cheaper than road building. But there is too mucb tendency towards the grandiose—and at the same time there are countless 'diy' airstrips in operation. What we need is more of the middle way."

The partnership has recently completed airport projects in Zaire and Nigeria, is currently involved in Malaysia, Equador and Jordan, and is producing proposals for works in Botswana and Libya.

The need to build where the passengers are is something Mr Douglas is very familiar with. In Equador the terrain was so awkward that even surveys were difficult, with forests, waterfalls, steep hills — and a location at the bottom of one of them which necessitated a design based on aircraft approaching the runway after spiralling downwards.

Experience

Scott Wilson Kirkpatrick is a consultancy currently involved in the construction of international airports in Malasia, Malawi, Qatar, Abu Dhabi and Botswana, as well as a major airport for Baghdad and confidential work for the Iraqi Defence Ministry. While working on Kota Kinabalu Airport in Malaysia, SWK consultants were able to draw on experience gained in Brunei, where they built a major airport several years ago.

A noted feature of that construction effort was that the contractor, Costain, bad to resort to D-Day methods, transferring plant from ships anchored off the coast into landing craft which were able to run on to the beach, from where it was then transported to the site, 30 km away, by road.

Kota Kinabalu, unlike Brunei, was not a totally virgin site, having had a small airport there already. But to increase its capacity to the 1.9m passengers a year the Malaysian Government wanted, the runway had to be extended into the sea, a large area of saline swamp had to be reclaimed, and the river Petagas had to be diverted—all in extreme weather conditions.

Even the survey work had to be carried out from the existing runway strip, and boreholes proved that the swamp was en unstable mixture of silt, clay and sand 35 metres deep. So the master plan called for a two-metre thick layer of blanket fill to be laid all over the site. It took 1m cubic metres of materials and two years to do it.

When Kota Kinabalu opens later this year it will be capable of handling Jumbo jets, will be fully air-conditioned and able to resist earthquakes.

Elsewhere in Malaysia, Taylor Woodrow were able to complete their Subang Airport contracts, already accelerated by four months, four weeks ahead of the revised schedule. Originally planned for completion this September, Taylor Woodrow handed the airport over at the end of April, in spite of the area's heavy rainfall which exceeds 120 ins a year.

Groundwork and piling was all programmed to be done outside the January-February and August-September periods of beaviest rain, and water-tight structures were erected in time for internal works to take place during those periods.

Overall, some 50 airports are planned in Malaysia by the end of tha century, ranging from international to rural standards. The planning studies for this ambitious development are being caried out by a consortium including British Airports International (BAI), Sir William Halcrow and Alan Stratford and Associates.

The consortium is also involved in more detailed work on three airports at Tawau, Ipoh and Pulan Lamgkawi. The first two will be sited on secondary jungla and a palm-oil plantation, and the third will cater for a touristism-based island.

One constant problem always on the minds of airport consultants is the time lag which arises between the decision stage and the completion date. As this can easily be 10 years and often more, it is vital to think ahead as far as possible to evoid built-in obsolescence.

At Jakarta, construction work was started in February 1981—but the consultants, Aeroport de Paris (one of the main competitors of UK specialists) were appointed as early as 1977. However, their brief was to assume a doubling of air traffic every four years and 380 air traffic movements a day (14m passengers a year) by 1990. The design provides for the complex airport services such as navigation, radar, communications and fuel, in a maze of underground networks.

As the Indonesians spoke no French and vice versa—all contract documents were drawn up in English by UK Quantity Surveyors E. C. Harris. There were seven different firms in the project team, so it is not surprising perhaps that the bills of quantities alone amounted to some 4,000 pages.

On the construction side, work began with the construction of a 7km long conveyor belt to transport aggregates from a new harbour built by the contractor. It is capable of moving 1,000 tonnes per hour. The runways are constructed using an Indonesian method consisting of 400mm of sand and 150mm of lean-mix concrete with 1.20m diameter holes formed at 25mm centres both ways. Through these, rings are augered to receive 1m diameter reinforned concrete pipes 2m long.

Reinforced

When the pipes are in position, a 200mm continuously-reinforced slab is laid over the whole area of runways and taxiways. The method is known locally as "chicken foot." Completion of the airport is not expected before December 1984.

Queen Alia International Airport at Amman was officially opened by King Hussein of Jordan on May 25. Sir Frederick Snow and Partners were part of the consultants' team, and John Laing were the contractors. Located on a desert site 30km from Amman, Queen Alia has been designed to handle 5m passengers a year, with the possibility of expansion to handle 8-10m by the year 2000.

Construction at the new King Khaled Airport, Riyadh, which opened in May. Total cost is $4,500m

In Bahrain a time challengo was met by Wimpey Asphalt, working in joint venture with Bahrain Asphalt. The job involved concreting the end of runways, where there is greatest wear-and-tear and most fuel spillage, and strengthening pavements. The challenge: Gulf Aviation were scheduled to fly their wide-bodied jets from the airport on June 1. They did. Wimpey also has a contract in Swaziland where, by next spring, it will have laid 45,000 tonnes of base and 25,000 tonnes of wearing surface for Matsupha Airport.

Even where an airport is being built from scratch in an agreeable climate the difficulties can be formidable. At Al Ain, Abu Dhabi, where Scott Wilson Kirkpatrick, have been involved since 1978, the consultants were able to choose a site 15 kms from the town, which could connect into the existing highway system.

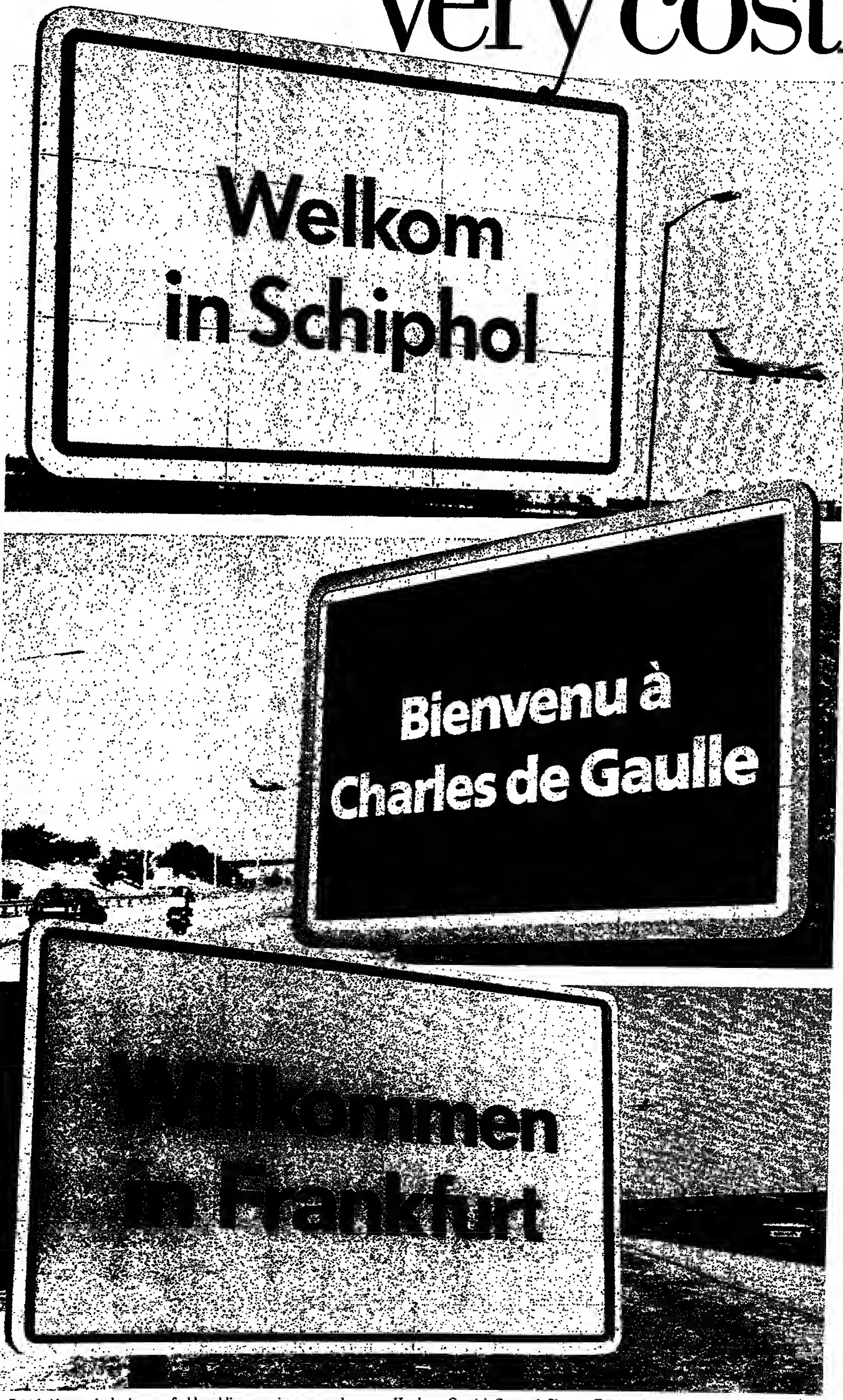
But there are 60 ft sand dunes—and that means some 10m cubic metres of sand have had to be moved to level tho area and then compacted under the runways to avoid settlement.

To complicate matters water which is usually used in large quantities in compacting is not available, and a different technique has had to be worked out.

Based on the success of a method used in Kenya, it has been decided to use flexible construction for most of the runways (crushed stone base with either cement or bitumen) and use concrete only for runway ends, turning circles and aprons. Completion at Al Ain is expected in 1986.

Mira Bar-Hillel

The alternatives to Stansted could prove very costly.



The why, when and whereabouts of London's third airport have been circling around for over 20 years.

And time, that most critical of airport planning factors, is running out.

If future air traffic diverts to our competitors, we'll be waving goodbye to a good deal of foreign currency.

Ticket sales to foreign visitors and landing fees from overseas airlines earned us £157 million last year. Countless millions more came in via incoming tourists.

In addition to the cash, there's the wealth of jobs that air travel generates. Not just in our airports but in shops, hotels, restaurants and the like.

With over 40 million passengers last year, a figure that's expected to double over the next decade, there's now an urgent need for airport development.

At the recent public inquiry, the forecasts supported an expansion of capacity in the South East. Even assuming the maximum growth for regional airports.

The air traveller will expect expansion at London too. Apart from the obvious attractions of our capital city, it offers more flights to more international destinations than anywhere else.

And if we can't cope with future demand, airline passengers will opt for our competitors across the Channel.

To hold our position on top of the world, we must develop our airport system around London.

And the logical location for this development is Stansted. An airport already operating successfully. An airport with rail services nearby and with London just a short trip down the M11.

But, while waiting for the green light at Stansted, we've still been moving forward.

At Heathrow we are spending £200 million on the construction of Terminal 4. It is due to open, on schedule, in 1985.

At Gatwick we've just completed a £24 million satellite terminal. And work has begun on a second main terminal costing a further £200 million.

When the above projects are complete, all feasible developments will be at an end.

There is talk of building a fifth terminal on the sewage works west of Heathrow.

But this scheme could never be ready in time to meet the expected number of passengers.

It would cost £100 million more than developing Stansted.

And, in any case, it would exceed the government limit on air traffic movements at Heathrow which comes into force in 1985.

At the British Airports Authority we think the question has been up in the air long enough.

To ensure that foreign currency continues to land in London, we must come down in favour of Stansted.

British Airports

The British Airports Authority, a profitable public enterprise, owns and manages Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Prestwick and Aberdeen airports.

$80bn investment sought for capital programmes

ALTHOUGH THE world recession has damped demand for civil airliners, causing severe problems for the aircraft and engine manufacturers, there is little sign that the air transport industry is simply sitting back waiting for recovery.

Throughout the world there is much activity in the development of new airports in preparation for the anticipated air traffic expansion during the remaining years of this century. So far as airports alone are concerned, it is estimated that capital programmes on the expansion and redevelopment of existing airports and on the construction of new ones will account for some $80bn of investment by the year 2000.

When this sum is added to the expected investment of at least $167bn on new airliners of all kinds through to the early 1990s alone, with substantial further sums involved beyond then, it can be seen that the capital requirements of civil aviation probably will rank as among the biggest of any single industry in the world.

To find the money to finance these programmes will be a major problem, because although in many countries, especially in the Third World, civil aviation is a priority development industry, it must still compete with many other industries for its share of scarce financial resources.

What is impressive in the current situation is that despite the poor financial returns of the air transport industry in the past few years as a result of the recession, long-term confidence in its expansion and ultimate profitability has remained strong, and many governments and airport authorities worldwide are still prepared to invest substantial sums in new aircraft fleets and in the development of new airports.

This confidence is not just due to a belief in ultimate cash returns, however, but as much, if not more, to the conviction that to have a vigorous air transport industry with its associated ground infrastructure (such as an airport) is of vital importance to overall economic growth. For any country to be without air transport in the remaining years of this century will be voluntarily to cut itself off from the mainstream of global economic development.

There are many ways of financing airport developments. In many countries of the Third World, much of the necessary money comes from two main sources. One is cash aid donated by the richer Western industrial nations, channelled either directly into the countries concerned for specific projects, or made available through technical assistance schemes operated by such bodies as the International Civil Aviation Organisation (ICAO), the aviation technical agency of the United Nations.

The second is through loans, repayable in various ways over various periods of time, and made available by Western banks and other financial institutions, secured against guarantees of repayment by the governments of the recipient countries.

Direct aid

While some of those countries are in a position to generate some part of the necessary cash from their own resources, this is usually only a small proportion of the total required, and recourse to loans or direct aid accounts for a substantial proportion of the money now being spent on airport development in the Third World.

For this reason, the major Western industrial (and often international) consortia either already undertaking or bidding for new airport development contracts in those Third World countries have to be prepared to offer, alongside their civil engineering and other technical expertise in airport construction, adequate financing arrangements for the project.

Frequently, those consortia include either one or more financing institutions in the group bidding for the deal, and so competitive is the international airport business that very often—as, indeed, with airliner re-equipment orders—the contract goes to the consortium that can offer the best financing terms.

In the more developed countries of the Western world, airport financing methods vary widely, depending largely upon whether or not the airport concerned is a Government-sponsored project, or a privately-organised venture. In most countries of Western Europe, the former is the case, in which case the funds for the airport come either from central Government sources, or through borrowings on the open capital market backed by long-term government guarantees of repayment.

In the U.S., however, where the Federal Government hitherto has had comparatively little direct involvement in airport development, the matter is being left more to State governments or to local municipal authorities. More direct sources of funding are common—such as local bond issues in the communities around the airport, the prior sale of concessionary rights (such as car parks, shops, car hire and so on), and even the sale to airlines of specific "gates" or whole terminal buildings in the airport.

In the U.S., for some time past under the Government's "user pays" philosophy, air travellers have seen part of their ticket money allocated to what has been called the Aviation Trust Fund, set up under the original Airport Development Aid Plan in 1970.

There was much complaint, however, that the money collected by this means was not being channelled sufficiently into the development of airports, and after much debate, new legislation, the Airport and Airway Improvement Act, 1982, has now been passed by Congress. This is intended to create a planned, predictable programme of air transport development, designed "to put the nation's airports and airways back on track for future growth."

Money will be raised through an 8 per cent ticket tax for domestic passengers and a $3 departure tax for international passengers, with levies on air freight waybills (5 per cent), and on fuel (14 cents a gallon for jet and turbo-prop operators and 12 cents a gallon for piston aircraft operators).

This money will yield some $6.32bn through to 1987 for facilities and equipment to improve the air traffic control system and weather information service, with some $4.8bn allocated additionally for airports over the next five years, ranging from $600m in 1983-84 to just over $1bn in 1987-88, an average of about $868bn a year over the five years.

Of this, about 50 per cent will go towards developing major airports, 12 per cent for "general aviation" airports, 10 per cent for small "reliever" airports, and 5½ per cent for commuter (small commercial service) airports. The rest will go towards grants for noise abatement and other airport related activities.

The entire U.S. airport system is expected to benefit from this scheme, which is believed by many in the U.S. to set a model for financing air transport development in other countries. The scheme will not supplant private venture money, through bond issues, for airport development, but supplement it, since over the rest of this century it is expected that many billions more for airports will be needed than the new levies will raise.

In the UK, the British Airports Authority, the biggest single owner of airports, finances most of its development programme from its own internal resources, although it is permitted to borrow up to £200m, which can be extended to £300m by the Secretary of State for Trade if necessary. Current BAA borrowings from the government amount to about £64m. The Authority remains consistently profitable, however, so that new borrowings have so far been kept to a minimum.

The Authority hopes that this will remain the case even when the anticipated heavy spending occurs on Terminal Two (the new North Terminal) at Gatwick (over £150m for the first phase) and the eventual Heathrow Terminal Five or Stansted redevelopment (for which £178m is being allocated). Overall, the Authority's capital outlays on airport developments, for the five-year period from 1983-1984 to 1987-88, will amount to about £758m.

Queue

Elsewhere in the UK, local authorities finance their airport developments either from their own resources or by borrowing, but the amounts they are allowed to spend are limited by the government's own restrictions on all local authority spending. This means that plans for municipal airport developments (and there are 23 such airports in the UK) have to take their turn in the queue along with other local community programmes; and as a result sometimes the local authorities' plans have to be trimmed to meet the government's ceilings on spending.

It has often been suggested that, in the long term, airport developments in the UK might be financed along similar lines to the pattern of the U.S., with private-venture local bond issues in the communities surrounding the airports or even on a wider national basis, supplemented by an overall national "Airports Development Fund."

This works well in the U.S. and there appears to be no reason why it should not work also in the UK, given the political will to make it happen. But currently, private capital for the development of major airports in the UK is on a par with the provision of private capital for motorways, bridges and other major public utilities—unlikely to occur unless there is a major change in political thinking.

The problem is enmeshed with that of airport ownership. Most of the major airports in the UK are owned either by the State (through the British Airports Authority, or the Civil Aviation Authority which runs some small Scottish airports) or by the major local authorities (such as those at Manchester, Luton, Birmingham, Cardiff, East Midlands and Leeds/Bradford).

A plan for the Civil Aviation Authority to divest itself of its small Scottish airports (Benbecula, Inverness, Islay, Kirkwall, Stornoway, Sumburgh, Tiree and Wick) has been mooted, but has not so far produced results.

It is also now planned that in the longer term, the British Airports Authority itself will be "privatised," which would probably help that body to borrow capital on the open market.

The BAA itself is not opposed in principle to privatisation, but it is opposed to any suggestions of breaking up the authority and selling off major airports such as Heathrow as individual going concerns. The profits on Heathrow, Gatwick, Glasgow and Aberdeen in 1982-1983 helped to offset losses on the other airports, such as Stansted, Edinburgh and Prestwick.

Michael Donne

Record investment in equipment

THE MAKERS of airport equipment, from radars to runway lights, have set their sights on winning a share of the estimated $80bn market, forecast by the International Air Transport Association, for new airports and expansion of existing airports up to the end of the century.

This record investment covers only the major infrastructure demands of airport construction, such as land purchase, runway design and construction, and the building of airport terminals.

The range of equipment necessary to turn this infrastructure into fully operational airports able to handle the most advanced airliners of the 1980s and beyond will require additional billions of dollars.

The scale of spending could be far greater than the forecast $80bn if the demand for air transport services expands faster than predicted. This year alone, confidence that there will be further substantial growth in air transport is underlined by the total spending of about $24bn on airport projects currently under way.

This investment covers projects ranging from completely new airports to the more modest redevelopment or modernisation of established airports to cope with rising numbers of passengers.

Whatever the scale of the projects, most airports will require minimum up-to-date facilities to provide safe and efficient operations. Radar and the means for radio communication between ground air traffic controllers and airline pilots are essential for almost all airports and the competition among international manufacturers to win orders is intense.

Air traffic control systems include high capital cost equipment such as secondary surveillance radar systems, radar displays in ground control centres, airfield control radars and remote supervision systems such as the Marconi Radar Systems' computerised modular monitoring system. This system gathers data automatically from a large number of points and, after processing, displays information in plain language to the operating staff.

Other important equipment for safe airport operation in the 1980s includes equipment for servicing and fuelling aircraft and fire fighting and emergency equipment for ground safety.

Essential

Ground infrastructure equipment essential for the safe operation of airports includes runway lighting systems and other landing aids such as precision approach path indicators to allow pilots to ensure they make the correct angle of approach to the runway. Runway ice detectors and airport meteorological systems are also needed.

These advanced electronic and electrical systems provide the crucial facilities for airline operations. On the other hand, the airport terminal is the centre of operations so far as the passenger is concerned.

The terminal building and its associated equipment is one of the most costly items on the airport capital budget. The proposed second terminal building at Gatwick Airport, the North Terminal, as it is to be called, is alone expected to cost about £60m of the estimated £150m allocated for the entire North Terminal development.

The North Terminal will be the second passenger building at Gatwick airport to have an automatic rapid transit system for passengers. The airport's new "satellite" terminal, already in use, is linked to the existing main terminal building by a £3m transit system built by Westinghouse Transportation of Pittsburgh in the U.S.

The Westinghouse transit system at Gatwick is based on two separate passenger vehicles, running on two separate, 300 metre long parallel tracks above the tarmac. The passenger vehicles each take 44 seconds to take up to 100 people from the main terminal to the outlying satellite building. The British Airports Authority which owns and runs the airport says the cars have carried more than 2m passengers since the automated service started on April 26.

The proposed automated transit system for the North Terminal is to be based on three passenger vehicles, but no decision has been made about which system to buy.

The Airports Authority has a choice of again buying the Westinghouse system or the British Rail MAGLEV system. The BR system is to be installed at the Birmingham International Airport, but the BAA is known to prefer a proven and well-tried system to a system that has not yet entered service.

The BAA already has planning permission to build a track and stations for the North Terminal automatic rapid transit passenger link. The Authority wants to have its new system operational by 1987 and a decision is to be made "soon" about which of the two competing systems to buy.

Fitch and Co, the airport design consultants working as interior design consultants to the British Airports Authority on the new Terminal Four at Heathrow Airport, identifies three main categories of equipment and internal facilities needed for airport terminal design—operational, commercial and environmental.

The operational facilities cover the needs of passengers and airlines in smoothing the flow of people through the terminal to the aircraft. These include sign information, lounges, conference areas, check-in desks, ticket counters, customs facilities, and flight information systems.

The commercial facilities at airline terminals also require substantial capital investment, for duty-free shops, airline offices, bars, vending machines, banks, insurance companies, cafeterias and restaurants.

Environmental requirements include lighting, ceilings, air conditioning, furniture, catering equipment, medical facilities and the wide range of maintenance and safety equipment associated with large, heavily-used public buildings.

Airports also need mechanical handling equipment, including aircraft towing tugs, fork lift trucks, cargo handling trucks, conveyor belts and passenger luggage retrieval systems.

The scale of the investment required for an airport of the 1980s and beyond is such that many of the specialised manufacturers of airport equipment in Western nations have joined forces in informal groups of "national airport equipment makers," to fight the intense competition from other foreign national groupings to win orders.

Supported

The main European countries have all tried to develop their own national equipment companies. In Britain, the UK Airports Group is one of the more recent amalgamations of interested parties in the airport equipment field.

The group was created by the Trade Department and has been supported by Lazards merchant bank in all its bids for overseas contracts. GEC Electrical Projects is a leading member of the group, which also includes Marconi Avionics, Plessey Radar, Racal-Decca, Ferranti, Thorn-EMI, Cossor, IAL and British Airports International, some of the leading names in the airport equipment and consultancy field.

In France, the Aeroport de Paris has close links with the French Thomson-CSF group of electronic equipment makers. Germany has its Frankfurt Airports Authority and in Holland, the Netherlands Airport Authority, NACO, has links with local industry to help win large contracts for airports and airport equipment.

Lynton McLain

AIRPORT PLANNING V

AFRICA

Country	Airport	Type of development	Est. cost ($m)
Algeria	Tiaret	new plus extension	$480
Bophuthatswana	Mmabatho	new	$10
Botswana	Gaberone	new	$40
Burundi	Bujumbera	redevelopment	$49
Cameroun	Garoua	redevelopment	$40
Congo	Brazzaville & others	redevelopment	$10
Gabon	Libreville	new	n/a
Ivory Coast	Abidjan	redevelopment	$500
Lesotho	Maseru	new	n/a
Libya	Tripoli	redevelopment	$79
Libya	Benghazi (Sarir)	new	$65
Libya	Brak	redevelopment	$40
Malawi	Lilongwe (Kamuzu)	new	$60
Nigeria	Abuja	new (terminal dev.)	$28
Mauritius		new	$116
Nigeria	Abuja	new terminal	$28
Nigeria	Owerri, Kano, Gusau, Calabar	new domestic airports	n/a
Seychelles	Mahe	redevelopment	n/a
Somalia	Mogadishu	new	n/a
South Africa	Durban	new	$45
Sudan	Khartoum	new	$135
Sudan	Port Sudan	new	n/a
Tanzania	Dar-es-Salaam	redevelopment	$67
Tunisia	Carthage	redevelopment	n/a
Tunisia	Bourguiba	new airport study	n/a
Tunisia	Tabarka	new	n/a
Upper Volta	Ouagadougou	redevelopment	n/a
Zimbabwe	various	redevelopments	$6
		Total	$1,780

AUSTRALIA

Australia	Brisbane	new domestic term.	$172
Australia	Darwin	redevelopment	$50
Australia	Perth	new terminal	$45
Australia	Sydney	new	$800
		Total	$1,067

CANADA

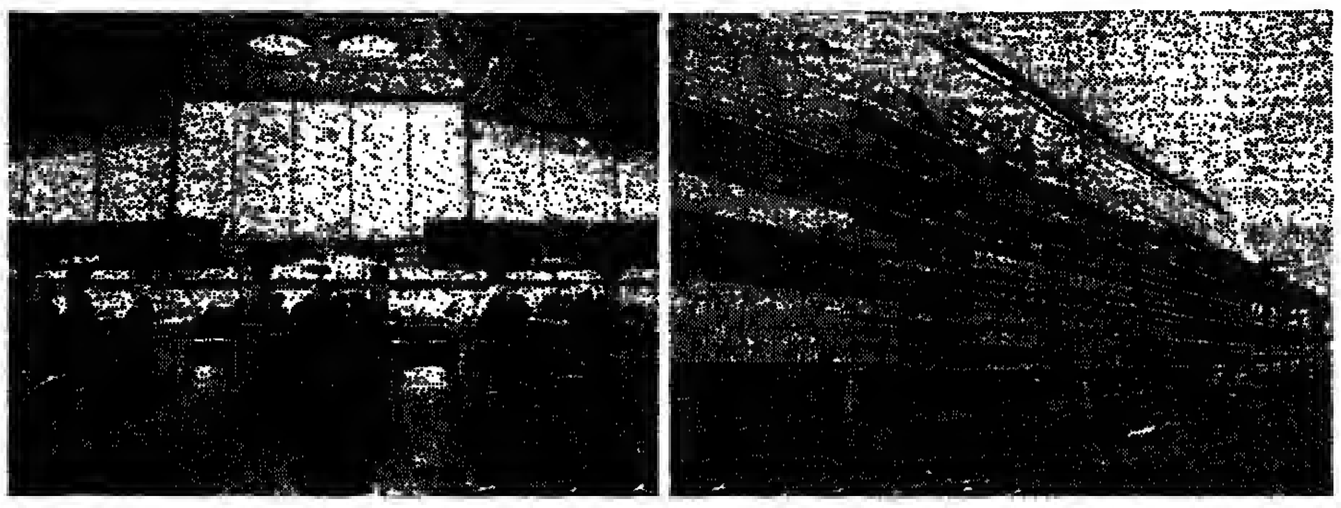
Canada	Edmonton	redevelopment	$20
Canada	Halifax	redevelopment	n/a
Canada	Ottawa	redevelopment	$40
Canada	Toronto	redevelopment	$33
Canada	Vancouver	redevelopment	$137
		Total	$230

CARIBBEAN

Antigua	Coolidge	new terminal	$8
Cuba	Havana	new	n/a
Grenada	Grenada	new	$75
Trinidad & Tob.	Port of Spain	redevelopment	$10
Turks & C'man	Providenciales	redevelopment	$8
Virgin Isles	H.S. Truman	redevelopment	$75
		Total	$176

EUROPE

Country	Airport	Type of development	Est. cost ($m)
France	Bordeaux	rnwy. strengthening	n/a
France	Paris CDG	new terminal	$200
France	Nice	redevelopment	$11
France	Nice	new terminal	$108
Germany	Frankfurt	redevelopment	n/a
Hungary	Budapest	redevelopment	$190
Greece	Athens (Spata)	new	$800
Italy	Rome (Fiumicino)	redevelopment	n/a
Italy	Naples	new	n/a
Luxembourg	Findel	redev. int'l stds.	n/a
Portugal	Lisbon (Portela)	redv. (incl. new trm)	$136
Portugal	Madeira (Funchal)	runway extensions	n/a
Spain	Madrid	redevelopment	$35
Spain	various	redevelopment	$850
Spain	Palma del Mallorca	second runway	$300
Switzerland	Geneva/Cointrin	new cargo terminal	n/a
UK	Heathrow	new terminal 4	$300
UK	Gatwick	new terminal 2	$375
UK	Stansted (or Heathrow)	prospective redevp. (incl. addtnal. trm.)	$320
UK	Manchester	long-term redpmnt.	$160
UK	Birmingham	new terminal	$110
UK	Belfast	redevelopment	$36
Yugoslavia	Zagreb	redevelopment	$15
		Total	$3,946



Left: Interior of Terminal Two at Charles de Gaulle Airport, Paris. The controversial circular design of Terminal One has been abandoned in favour of passenger facilities on either side of a central main access road. Right: Terminal 4 at Heathrow which opens in 1985. It is designed to handle about 8m passengers a year

World airport development programmes

THE TABLE gives a broad—but by no means exhaustive—list of the world's major airport programmes, either under way or planned for the immediate future. They are valued at about $3m or upwards and collectively account for about $24bn, or more than one-quarter of the overall estimated outlays of about $80bn expected by the end of this century.

The list does not include a number of ventures only recently completed, such as the new £28m satellite terminal at Gatwick, London, or the new £8.6m runway extension at Manchester International, or others that had been proposed but are now in abeyance, such as the originally projected $1.2bn Chep Lap Kok Airport on Lantau Island, Hong Kong.

Many other programmes are in the earliest conceptual or basic planning stages, but have not yet been committed or even reached the point where they can be regarded as prospective major ventures. It may be some years before such proposals come to maturity as full-scale development programmes.

Outside the scope this list is the very large number of much smaller programmes where spending is generally less than $3m. There is scarcely an airport anywhere in the world where some money is not being spent continually on improvements of varying kinds, apart from normal maintenance.

It is significant the majority of airports in the list are in the countries of the Third or Developing World, where civil aviation is still in its comparative infancy but where large sums are being spent on its development. For example, at Abidjan in the Ivory Coast, or at Macao, Baghdad, or in Saudi Arabia.

It is also signficant that the sums being spent on the airports mentioned do not cover spending on other aspects of civil aviation, such as the flag airlines of the countries concerned, where equally substantial outlays can be expected through the rest of this century on aircraft fleets and other facilities, such as training maintenance and line operations.

FALKLAND ISLANDS

East Falklands	Mount Pleasant	new airfield	$366
		Total	366

FAR EAST

Bangladesh	various	redevelopment	$80
Burma	Rangoon	new	n/a
Guam	Guam	new terminal	$52
Hong Kong	Kai Tak	redevelopment	$110
India	Delhi	new terminal	$80
India	Bombay	new terminal ext.	$27
India	Madras	new domestic	$12
India	various		$61
Indonesia	Jakarta (Cenkareng)	new	$500
Indonesia	Batam	new	$10
Indonesia	17 domestic	modernisation	n/a
Indonesia	29 domestic	new	n/a
Korea	Seoul (Kimpo)	redevelopment	$147
Macao	Macao	new	$1,000
Malaysia	Kuching	new	$80
Malaysia	Kota Kinabalu	new	$30
Malaysia	Kuala Lumpur	new terminal	$95
Nepal	Kathmandu	redevelopment (incl. addl. term.)	n/a
Pakistan	Islamabad	(incl. new terminal and apron)	n/a
Pakistan	Karachi	(incl. new terminal and cargo term.)	$36
Pakistan	Lahore	(incl. new terminal and apron)	n/a
Papua New Guinea	Port Moresby	modernisation	n/a
Papua New Guinea	Tokua	new airport study	n/a
Philippines	Manila	new terminal	$80
Singapore	Changi	new (phase2)	$150
Sri Lanka	Colombo	redevelopment	$40
Thailand	Bangkok (Don Muang)	redevelopment	$270
Thailand	Ngong Ngu Hao	new	$970
		Total	$3,790

LATIN AMERICA

Country	Airport	Type of development	($m) Est. cost
Bolivia	Santa Cruz	redevelopment	$110
Brazil	Sao Pio (Guarulhos)	redevelopment	
Brazil	Sao Pio (Viracopos)	redevelopment	
Brazil	Belo Horizonte	new	$570
Chile	Santiago	redevelopment	$200
Colombia	Bogota	redevelopment	$100
Eucador	Pastaza	new	
Ecuador	Machala	new	$130
Guatemala	Guatemala	new	$200
Guyana	Lethem	modernisation	n/a
Honduras	Tegucigalpa	new	$90
Mexico	Benito Juarez	redevelopment	$171
Paraguay	Juan Caballero	new	n/a
Peru	Lima	redevelopment	$100
Peru	Cuzco	new (study)	n/a
		Total	$1,671

MIDDLE EAST

Bahrain	Muharraq	modernisation	n/a
Egypt	Cairo	new terminal etc	$230
Egypt	Luxor	redevelopment	$10
Iraq	Baghdad	major redvpment	$1,000
Iraq	Mosul	redevelopment	n/a
Iraq	Basrah	new	$850
Israel	Eilat	new	$50
Jordan	Amman (Qun. Alia)	new	$500
Lebanon	Beirut	redevelopment	$95
Oman	Muscat	redevelopment	n/a
Saudi Arabia	Riyadh (Kg Khaled)	new	$4,500
Saudi Arabia	Jubail	new	$80
Syria	Damascus	new terminal	$38
Untd. Arab Em.	Abu Dhabi	new	$350
Untd. Arab Em.	Al Ain	new	$120
Untd. Arab Em.	Dubai	redevelopment (incl new arr. term)	n/a
Yemen Arb Rp	Taiz	new	n/a
Yemen Arb Rp	Al Ghaida	new	n/a
		Total	$7,623

PACIFIC

New Zealand	Christchurch	redevelopment	$7
Fiji	Nandi	runway overlay	$5
Samoa	Samba	new terminal	$3
		Total	$15

U.S. (AND ENVIRONS)

Bermuda	Kindley Field	redevelopment	$35
United States	Anchorage	new pax. terminal	n/a
United States	Boston	redevelopment	$10
United States	Buffalo	redevelopment	$7
United States	Chicago	redevelopment	n/a
United States	Cleveland	redevelopment	$60
United States	Dallas	taxiway	$5
United States	Denver/Stapleton	redevelopment (incl. new terminal and apron)	$100
United States	Fort Lauderdale	redevelopment	$200
United States	Houston	redevelopment	$4
United States	Kansas City	redevelopment	$183
United States	Los Angeles	redevelopment	$700
United States	Las Vegas	redevelopment	$800
United States	New York (JFK)	redevelopment	
United States	Newark	redevelopment	$1,000
United States	La Guardia	redevelopment	
United States	San Francisco	new terminal	$100
		Total	$3,204
		Grand total†	$23,868

†Cumulative totals are incomplete owing to unavailable cost estimates of projects marked n/a.
Sources: IATA, Nat. Westminster Bank, International Aeradio, British Airports International, Plessey Airports and others.

AIRPORT PLANNING VI

Whether to expand Heathrow still further or develop Stansted is the biggest single issue

Waiting for the inquiry result

London

BY FAR the biggest single issue dominating the future development of airport capacity in South-East England is the debate over whether or not to expand Heathrow further by building a fifth major passenger terminal, or to develop the now under-utilised airport at Stansted in Essex.

There are other airport issues for London and the South-East. One is the longstanding problem of where to site a new airfield exclusively for the use of business aircraft close to London, with various choices under consideration.

The pressures on runway capacity at both Heathrow and Gatwick over the period ahead will make it difficult for the British Airports Authority to accommodate as many business aircraft as perhaps it would like, and certainly not as many as the business flying community would like.

Accordingly, the search has been on for some time to find a convenient airfield south of the Thames that could be used as a purely business airfield for London. The possibilities of Biggin Hill and West Malling in Kent have been considered, but for environmental reasons they are now considered inappropriate, and the choice now appears to be to take over part of the Royal Aircraft Establishment field at Farnborough. This probably will offer the business flying community the last chance of a suitable business field south of the Thames serving London, and they would be well advised to accept it.

Another major current issue in the South-East is the possibility of providing a Short Take-Off and Landing (STOL) runway for regional short-range jet airliners on a currently derelict site in London's Dockland.

The STOL airport proposal is already the subject of a public planning inquiry, which started early in June. The scheme envisages building a small airstrip on the wharf between the Royal Albert and King George V docks, for use by quiet "Stoliners" such as the de Havilland Canada Dash Seven, now in service with Brymon Airways.

The scheme has been put forward by John Mowlem and Company, civil engineers, in association with Brymon. It is thought that the number of passengers using such a Stolport could rise to about 1m a year, with between 60 and 70 Dash Seven aircraft movements daily. These would link the Stolport with other parts of the country and the Continent—connecting such cities as Glasgow, Birmingham, Plymouth, Paris, Amsterdam, Brussels, Geneva and Frankfurt.

Airlines other than Brymon would be allowed to use the Stolport, provided they operated quiet airliners similar to the Dash Seven. The inquiry into the scheme is still in progress, and a decision by the Secretary for the Environment is not likely before early next year.

Controversy

But, overall it is the Heathrow versus Stansted controversy that dominates airport development thinking in the South-East. This is especially so now that the other long outstanding issue—the development of Gatwick—is effectively settled. Completion of the new Satellite Terminal there, and work now begun on the construction of a second major terminal in the airport's northern area will raise total passenger capacity from 16m to 25m a year.

The Heathrow versus Stansted debate has been the subject of a major public planning inquiry that was completed in mid-summer. It turns on whether or not a fifth major terminal at Heathrow, raising that airport's capacity from the currently planned 38m (when the fourth terminal now under construction is completed) by another 15m to a total of about 53m, by the late 1980s or even early 1990s, will be adequate to cope with traffic growth.

The alternative solution is to develop Stansted initially to cope with 15m passengers a year, with eventual capacity for growth to 50m a year.

This debate has polarised opinions in the civil aviation industry in a way that no other issue has done for many years.

British Airways, the State-owned flag airline and biggest single user of Heathrow, together with many other airlines at that airport, have been arguing strongly in favour of the fifth terminal. They do not want to see another "split operation" (which would involve installing engineering and other facilities at Stansted in addition to those already at Heathrow and/or Gatwick) which they claim would dramatically increase their costs.

The airlines would prefer to have all their facilities in one place, and that means only Heathrow. Many of the airlines are equally as strongly opposed to using Gatwick, in addition to Heathrow, and some have positively refused to move there.

However, the British Airports Authority, which owns Heathrow, Stansted and Gatwick, has argued that to develop a fifth terminal at Heathrow would be just as expensive, if not more so, than developing Stansted. This is not only because of the need to move a big sewage sludge works at Heathrow which is on the projected site of the proposed terminal, but also because the time-scale involved in that operation would mean that any fifth terminal would be available too late to meet the anticipated growth in demand.

Stansted on the other hand, in the Authority's view, is available for development now. It could be turned into a 15m passengers a year airport more quickly and conveniently than any development at Heathrow and moreover, would be an effective "expansion chamber" for further air traffic growth in the South-East well into the next century, when any fifth terminal at Heathrow would itself have become saturated.

To choose between these two options is a major task for Mr Graham Eyre, QC, the inspector appointed by the Government to conduct the public inquiry. Millions of words have been spoken at both the Stansted section of the inquiry, which lasted for over a year, and at the subsequent Heathrow section.

Mr Eyre is now writing his report and will submit it to the Government, probably by late this year or early next.

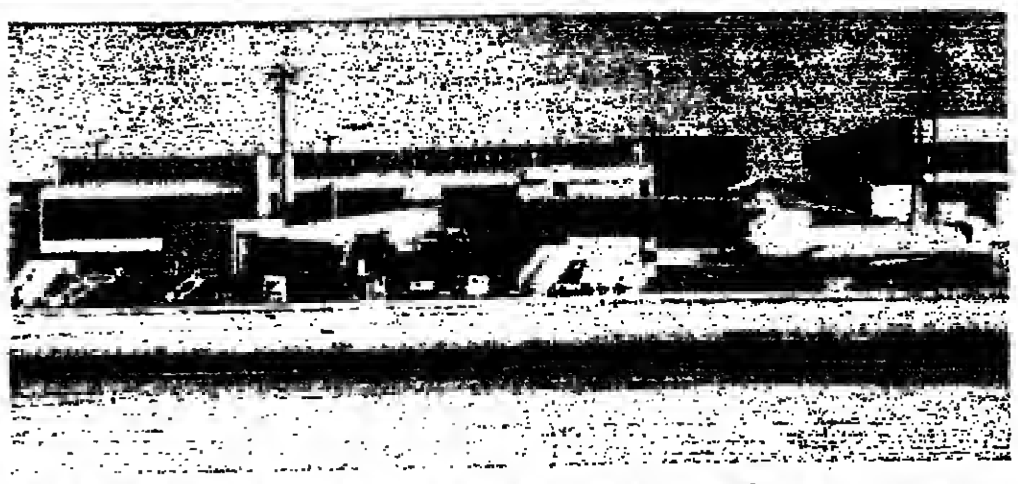
How long it will then take the Government to decide which option to take remains to be seen. Whichever way the decision goes, it is bound to be highly unpopular.

The residents around Stansted will argue that their rural environment will be spoilt by the introduction of an airport eventually as big as, if not bigger than, Gatwick is now. Residents round Heathrow will complain of increased noise and aerial pollution, the saturation of roads surrounding the airport, and intolerable pressures on other systems such as sewage, lighting, water supplies and all the other necessary elements of airport development.

Clear-cut

The task is clear-cut in the British Airports Authority's view—Stansted is an open-ended option for as long into the future as can be seen, whereas to build a fifth terminal at Heathrow is to go up a cul-de-sac with the strong possibility of the debate on additional airport capacity having to be re-opened at some time in the future.

The airlines do not see it that way, but they are not required to take the same long view as the Authority. For the airlines, the more immediate problem in a period of financial stringency is keeping down costs and maximising current profits. This means making the maximum use of what they have got and avoiding spreading their operations across too many airports.



The new £4.5m Shuttle lounge building at Heathrow, which can handle up to 500 passengers. The planning inquiry debate turns on whether Heathrow will cope with growth by the 1990s

The issue of what to do about future airport capacity for London has been hanging over everyone more than 20 years. Earlier decisions have come to nothing. That taken originally in the 1960s to develop Stansted was rescinded in favour of an airport at Maplin on reclaimed land off the Essex coast. This in turn was cancelled in 1974 by the Labour Government, on grounds of too heavy costs and insufficient need (it was at the time of the first oil crisis which resulted in an air traffic recession).

That decision in its turn gave rise to the latest debate, and the current public planning inquiry. Had Maplin been continued, it would by now have been in operation, and none of the current problems would have arisen.

Another factor in the situation is that a consortium of local authorities, representing airports in the Midlands and the North, and particularly Manchester, has been arguing that any more money spent on developing South-East airports would have the effect of diverting scarce resources from developing airports in the North.

This argument appears to ignore the fact that substantial sums—close to £200m—are either already being spent or are allocated for long-term developments at municipally-owned airports in the UK outside London and the South-East; and that as traffic demand grows at airports in the Midlands and the North, so those airports will expand to meet it.

Since the money to be spent on any Heathrow/Stansted development will come from the British Airports Authority's own resources there will be no diversion of cash from other airport programmes, and it is up to the airports in the Midlands and the North to finance their own future expansion.

Michael Donne

Need for long-haul flights to bring growth

Manchester

THE DEVELOPMENT of Manchester International Airport—Britain's only category A gateway airport other than Heathrow and Gatwick—has tended to accelerate over the last decade to a rate faster than that of most other airports in Western Europe. This rapid growth has been hampered, however, by a long-term weakness in long-haul services and freight handling.

For the future, at stake is the likely outcome of extensive developments already drawn up and which, as they are built, will cost in excess of £100m to gear the airport to handle a forecast rise in passenger traffic and long-haul services.

Such forecasting is very difficult to do but, to allow for detailed planning, the Manchester International Airport Authority has plumped for a figure of 9.25m passengers a year in seven years' time, as against the current 5m. This could be wildly out. The lowest estimate is 7m passengers and the most optimistic considerably above 10m.

Such expenditure would be on top of the £8.6m recently spent to extend the airport's one runway by 800 feet, bringing the available length to 10,000 feet. This allows longer take-off runs and therefore higher take-off weights for the heavier wide-bodied jets. Some £13.5m was spent before this on runway improvements.

The handicap that the airport authority, which is run by Manchester City Council and the Greater Manchester metropolitan county, believes it suffers from is the unpleasant after-shocks of a pro-South East bias within both the UK's national airports organisational machinery and in air travel.

One of the problems is that if an international airline wants to start a service from Manchester, it will be required to give up one from London.

This general feeling stretches, rightly or wrongly, deep into the North West community and manifests itself most strongly in the members of the Northern Consortium, set up to fight the North West's case against that of developing Stansted.

A third London airport might very well restrict the future growth of Manchester, which is the UK's third-busiest airport, and that would certainly have some consequences for the North West, one of whose engines for economic strength is the airport itself. Others might argue that Manchester has been the recipient of more than its fair share of financial assistance since the 1939-45 war.

Restructure

Certainly the airport is in a commanding position to serve the community. Within a catchment area of 75 miles radius, which includes part of the Midlands and Yorkshire, live 20m people. At one time this area also included an estimated 50 per cent of manufacturing output but the recession and industrial restructuring may well have altered this.

The airport is served by a marvellous network of motorways linking it to the main M6, M62, and M1, and with a motorway spur right into the terminal.

Despite the anxiety over the possibility of a third London airport, Manchester has been doing reasonably well. The most visible sign recently is the new service started this spring by the Australian airline, Qantas, of a twice-weekly flight Down Under from Manchester via Amsterdam and Bahrain.

The airport has been boosting its promotional activities, looking to grab more long-haul services to add to its strength in European flights. Administration at the airport went through structural changes in 1981 and last year, partly as a result of traffic growth and partly as a means of establishing a better marketing effort.

Its figures look good. Expansion took the total of 2.54m passengers in 1972 to 4.87m in 1981, and above 5m last year when the airport made a profit of almost £13m.

The 40 or so airlines using it operate to more than 100 destinations though one of its weak links here is the absence of a scheduled passenger service to the U.S. Summer charter flights to North American destinations are part of Manchester's buoyant holiday package traffic.

Freight has had a more chequered development. After a peak of 46,250 tonnes nine years ago, this traffic dropped to 32,500 tonnes in 1981. New cargo services to North America have been started though and a change in the UK's manufacturing fortunes might lead to a long-term reversal of the trend.

The value of the freight expected through the airport last year was £1.5m and Manchester is due to have a new freight terminal in 1985 set away from the passenger terminal and with its own motorway spur.

Apart from this new cargo development, plans for the 1980s include a new passenger terminal; improvements to the existing one; provision of additional access roads and car parks and new aircraft servicing and handling facilities.

The latter would involve new maintenance facilities, better manoeuvring areas and aircraft wash-pad, engine testing areas and improved hard-standing.

Nick Garnett

A struggle to win more revenue

Wales

WHILE HEATHROW and Gatwick wrestle with the severe pressures on their handling capacity created by the air travel revolution, airports in Wales and the West of England are still at the stage of fighting to attract more traffic and revenue to justify their existence.

The last few years have not been easy. The makings of a network of scheduled services to other parts of the UK and to the Continent built up during the 1970s were largely knocked on the head by the recession.

Nevertheless, airport authorities—local councils in the main—have soldiered on, and there are now signs that their faith in the viability of their facilities is at last being rewarded, thanks largely to a healthy growth in the holiday charter market.

Improvements

Cardiff Wales Airport (still perhaps better known in the business as Rhoose) acquired a prestige modern terminal building as long ago as 1973, yet it is still not paid for and, despite recent improvements, is being used at only a third of the airport's potential handling capacity.

A brighter picture is beginning to emerge. In the last financial year; the airport's total deficit, including repayment of debt charges, fell to £655,000, less than half the deficit three years ago. Cardiff's operating deficit for 1982-83 also dropped sharply, to £239,000, which was £105,000 better than originally forecast and the airport's best performance to date.

Passenger numbers rose to a record 385,000, an increase of 17 per cent or 60,000 compared with the previous year. Most has been holiday charter business. Tour operators are at last recognising that there is a good and expanding trade to be gained by taking their aircraft nearer to potential users rather than expecting passengers to travel to airports in South East England.

At the same time, Cardiff's scheduled services are also showing signs of growth again after a number of setbacks in recent years. One heartening development is the restoration of a daily link with Hawarden in North Wales and Liverpool, a service which now also takes in Swansea.

Over the coming year, Cardiff expects to do even better. There is a sharply-growing market for bargain winter breaks in the Mediterranean. But more significant still is Cardiff's decision to go ahead with a long-discussed plan to extend the runway and so allow the airport to compete actively in the direct transatlantic market. Until now the runway has been too short for fully-loaded large aircraft to take off.

By next summer, the runway will have been extended by 750 ft at a cost of £800,000. This opens the way for direct transatlantic flights and two U.S. operators are already promising to join CP Air Holidays which has pioneered an indirect summer service to Toronto over tha past two years. Tha extension also encourages flights to more distant European destinations involving larger aircraft.

It only remains to be seen how this major development will affect Cardiff's main rival, Bristol, where the airport (formerly Lulsgate) has also been experiencing a rapid growth in traffic, up nearly 25 per cent over the past year. Charter holiday business, up 34 per cent to nearly 160,000 passengers, accounts for the bulk of the increase, but scheduled services are also showing improvement.

Reward

Bristol's performance represents a just reward for a major effort over the past 2½ years to improve its facilities and attract more traffic. Some £1¼m has been spent on a new instrument landing system, new departure and arrival lounges, an automatic checking desk, a new restaurant and duty-free shop, plus a car park extension.

Even after paying for these improvements, Bristol still managed to turn in a profit of £250,000 in the last financial year. It is now looking at extending the main apron to accommodate more aircraft but, unlike Cardiff, has no plans at present to compete in the direct transatlantic market.

Bristol is, however, making significant efforts to strengthen its freight traffic, by providing a service which offers local businesses an alternative to the congested facilities at Heathrow and Gatwick.

A new import-export company, United Air Consolidators, has been launched in association with Dan Air and Giltspur to carry freight via Amsterdam's Schiphol airport, with Dan Air's freight capacity being supplemented by a regular weekly road freight service to the bonded warehouses at both Bristol and Cardiff. Launched in April, it has got off to a promising start.

Exeter Airport, in the south west peninsula, is also enjoying a sharp improvement in business, with traffic up again 90 per cent this year, after recording a 500 per cent jump in 1982. The growth in inclusive tours to all the main Spanish resorts, developing from a summer trade into a year-round business, combined with £3m-worth of investment in improved facilities, is largely responsible for the greater usage. As a result, Exeter turned in an operating profit last year (1982-83) of about £315,000.

Swansea Airport, serving South West Wales, is still fighting to establish viability. Indeed, a year ago there was talk of closure. But the city council has now decided to put extra resources into its development as an integral part of Swansea's industrial development effort.

Mr David Cutler, the newly-appointed airport manager says the demand is there but that he is being seriously impeded in his efforts to develop more traffic by the absence of customs facilities, following Government cuts in customs manpower.

His difficulties illustrate ona small but significant step the Government itself could take if it wants to encourage even greater use of regional airports and reduce the pressure on facilities in the South East.

Robin Reeves

Focus for building local economy

Birmingham

CONSTRUCTION WORK is on target for next spring's official opening of the new Birmingham International Airport, a £50m project expected to create more than 2,000 jobs by the end of the decade.

The new terminal buildings and runways are designed to cater for nearly 3m passengers and 33,000 aircraft movements by 1990. West Midlands County Council, owners of the airport, see it as an important focus for regenerating the local economy.

Mr Colin Beardwood, chairman of the airport committee, spearheading pressure on the Government to chose a site based on Birmingham Airport for designation as a "freeport" or duty-free zone.

He insists that no direct support would be sought from the Government; the county council would act "as a catalyst" to set up a freeport as a separate venture backed by private funds.

"The stakes are high," Mr Beardwood argues, pointing to the importance of such a venture in attracting high technology industry, creating new jobs and stimulating the regional economy.

The county council bases its case for consideration as a freeport both on the geographic advantages of a site astride the principal road and railway networks and the "opportunities" presented by the opening of a new airport.

Scheduled services have operated from Birmingham Airport since it was opened in 1939 by the city council, but the real growth has come over the past two decades. From 1961, with the extension of the terminal buildings, when 300,000 passengers a year were using the airport, the number more than doubled to 700,000 by 1970.

Even the recession in the wake of the oil crises failed to check the upward growth, and the volume of passengers climbed to 1.9m by the end of the decade.

Captain Trefor Jones of Birmingham Executive Airways which uses BAe Jetstream 31 aircraft to provide business links with the Continent

Birmingham was designated by the Government in 1978 as a Category B airport, catering for regional demand, charter services related to the tourist market, and also providing a network of short-haul international and domestic services.

Charter

Frequent feeder services to Heathrow and Gatwick have been a source of growth. Holiday charter operations to the Mediterranean airports have also been important and now take about half tha passengers using Birmingham.

Such expansion inevitably has brought congestion and problems in passenger handling. Government backing for tha County Council's expansion programme followed a public inquiry in 1979. The difficulties involved in accommodating the projected growth in traffic were such that the solution adopted has been to opt for a completely new passenger terminal building to the north-east side of the main runway.

Structurally, the new building will be a conventional three-storey structure with e steel frame clad in a grey tinted glass window walling system. The county architects explain that the whola of tha terminal has been designed with a doubla window system to ensure natural lighting and vision where required but backed with insulated walls to provide noise reduction and insulation.

A conventional layout for the terminal was finally adopted after first investigating more unusual ideas, such as mobile lounges, satellite terminals and other complex systems to separate incoming and outgoing passengers.

New standing areas for aircraft, capable of accommodating 20 medium to large jets, will be connected directly to each end of the main runway by a complete free flow taxiway system. Better airport guidance lighting and additions to the instrument landing system will increase safety for aircraft in poor weather.

The local authority describes the scheme as one of the largest construction projects carried out within the county of the West Midlands.

A problem for the civil engineers has been to screen nearby housing from the projected noise levels. Some 2m tonnes of earth has been excavated from higher levels both to provide embankments for taxiways and to create two noise barriers—one of which is a mile long and 40 feet high.

Drainage

Adequate drainage is an important consideration on a site where there will be an additional 100 acres of hard-paved surfaces. It is a question not merely of discharging water efficiently to prevent flooding but also of ensuring that fuel spillages will not cause pollution in nearby water courses.

But the engineering feat in which the airport perhaps takes most pride is the proposed MAGLEV transport system providing an elevated transport link between the airport, Birmingham International railway station, and the National Exhibition Centre.

The advantage of integrating the airport terminal with the existing facilities was obvious, but site problems and the consequent costs ruled out tha option. Instead, a 600 metre elevated track is being built which will carry cars on a magnetic "suspension" system pioneered by British Rail.

The MAGLEV system uses controlled magnetic fields, not wheels, to suspend the cars. Each car, carrying up to 32 passengers and their luggage, will take 1½ minutes to cover the distance. Frequency will be at least every two minutes.

The MAGLEV project, financed by tha county council, British Rail and the private sector, will be used as the pilot scheme to sell the system world wide.

Arthur Smith

Fixed wing and helicopter traffic

Scotland

OFFSHORE OIL and gas development has changed Aberdeen Airport from a sleepy regional destination to Britain's third busiest airport in terms of air transport movements.

Airport officials have also yet to find anyone to dispute their claim that Aberdeen is also the world's largest heliport. Early any weekday morning, the airport is alive with the thrash of helicopter rotors as ten or more of the aircraft await take-off clearance to ferry crew to offshore platforms and bring others back.

The marriage of fixed wing with helicopter traffic has given Aberdeen a special character and has presented airport planners with special development problems.

Some of the key changes have been carried out by the helicopter aperators themselves to increase their hanger accommodation to meet a big jump in traffic. Airport figures show a 50 per cent increase in helicopter flights in the year to March. Crews heading for oil rigs account for 307,000 passengers a year.

Bristow Helicopters and British Airways Helicopters have considerably enlarged their hanger and maintenance areas for their helicopter fleets. British Airways has built a new hanger to house the Chinook twin-rotor machines it uses for long-range flights.

Handling their own passengers has meant each company has had to provide the extra locker room area in the departure lounges where survival suits are issued to each passenger heading offshore.

British Caledonian Helicopters and North Scottish Helicopters hava their hangers on the opposite side of the airport. These two companies while aperating their own hangers and maintenance facilities, share the departure lounge with Bristow and British Airways.

The former World War Two air base has one main runway running north-south and two helicopter landing strips, one running across the runway, the other at an angle to it.

Over the past year the British Airports Authority has resurfaced the touchdown area at either end of the runway to a length of 300 metres. This has required night work when flying is suspended. The central area of the runway has had a new course laid.

The new main terminal was built as part of a £10m expansion when the BAA took over the airport from the Civil Aviation Authority in 1975. The apron area in front of the building is being enlarged and covered walkways provided at an estimated cost of £1.5m.

Other work being carried out by the Civil Aviation Authority, which controls air traffic, includes construction of a second instrument landing system at the south end of the runway.

Helicopter and fixed-wing flights are all handled from the £1.6m control tower—a striking—ziggurat - shaped object in the words of the CAA—which came into operation in 1980.

Improvements are being made to other major Scottish airports, including Glasgow, Edinburgh and Prestwick, all three of which are also owned by the British Airports Authority. Between 1983-84 and 1987-88, the authority's spending on all its Scottish airports is expected to amount to more than £15m.

Longer-term plans for the improvement of Prestwick in particular include the possibility of establishing a "free port" there which would involve substantial capital investment.

Over the recent years, the Civil Aviation Authority has spent substantial sums on developing Sumburgh in the Shetlands to serve the North Sea oil and gas industries.

Mark Meredith

Successful efforts to limit aircraft noise

CIVIL AVIATION throughout the world over the past 25 years or so has become the subject of one of the most sustained environmental campaigns yet conducted, to reduce, and keep down, the volume of noise the air transport industry generates.

Aircraft noise is undeniably obtrusive, persistent (in that there are many millions of aircraft movements a year worldwide), unpleasant at best and at worst even harmful to individuals. That has been recognised by the aircraft and aero-engine manufacturers for some time, and more recently also by the airlines.

Until the recession slowed the rate of growth of civil aviation, the overall volume of aircraft noise was in fact increasing, despite the success of individual efforts to introduce quieter engines, simply because of the steady expansion in the number of flights.

There are many millions of separate aircraft movements a year (over 50m in the U.S. alone)—the precise figure is impossible to quantify worldwide—each generating some noise. The overall crescendo, therefore, could well be deafening if something was not done about it.

The attack on aircraft noise has taken, and is still taking, many forms. In some countries, such as the UK, it is concentrated primarily not only upon technical reductions in noise at source, by making aero-engines quieter, but also upon limiting the scale of new developments at existing airport, severely curtailing their overall growth, and by virtually eliminating the development of new "greenfield" airport sites.

In fact, unless a new airport can be developed in a location well away from any residential or other built-up areas (such as an derelict or reclaimed land, or on islands in the sea) it is now virtually impossible anywhere in Western Europe, including the UK, to develop an entirely new airport. The best that can be hoped for is to be allowed to expand an existing airport, and even that has to be sanctioned by governments, usually only after a length and expensive pablic planning inquiry at which everyone — protagonists and antagonists alike—are given ample opportunity to state their case.

Ths is currently the situation in the UK, where permission to develop Terminal Two at Gatwick (to raise capacity there from 16m to 25m passengers a year) and Terminal Fonr at Heathrow (to raise capacity from 30m to 38m a year) was given in each case only after public planning inquiries lasting many months.

The longest running public inquiry of all in the UK bas been that into the question whether there ahould be a Terminal Five at Heathrow or the alternative development of Stanstead in Essex, north of London. That inquiry began in September 1981, and only ended this summer.

Squeezed

It is probahle that, Terminal Five/Stansted, and perhaps a mini "Stolport" in London'a Docklands, apart, there will be no other all-new airports in the UK in the future, and that all developments to cope with air traffic growth will have to be squeezed somehow into existing airport boundaries. Even the acquisition of new land for additional runways is likely to be severely restrained, and the utilisation of existing runways and terminal buildings will bave to be substantially increased to cope with future traffic expansion.

While this will be the caso in tho UK, and other beavily industrialised and populated countries, bowever, the position may well be different in other parts of the world, where space is mnch more generously available, and where even the environment considerations bave not yet assumed tho importance that they have in the U.S., Western Europe and elsewhere.

It is significant that the vast proportion of all tho new airport programmes now either planned or under way are in the emerging countries of the Third World, whore air transport bas only comparatively recently been recognised not only as a tool of economic growth but also a useful means of sociological and even political development.

It may not be long, however, before even in those countries, the environmental lobbies will emerge, and it is not surprising that many of the companies and consortia involved in planning these airport developments are paying meticulous attention to environmental matters from the start, to ensure that there can be as few difficulties in the future as possible.

Apart from controlling their initial size and subsequent development of airports, there are other ways in which they are being made to become better neighbours. Most airports round the world now impose "noise abatement procedures"—noise limits (compatible with safety) over the airport boundaries with which airliners on take-off must comply, with cash fines for infringements. Seriously offending airlines can even risk losing their rights to operate into the airports where their presence has become obnoxious to surrounding communities by persistent breaches of noise regulations.

In many parts of the world, airports also impose their own "noise curfews," establishing specific hours at night during which the airport is virtually shut, other than for emergencies. In the UK, for example, restrictions on night jet operations are laid down by the Secretary of State for Trade for airports sucb as Heathrow and Catwick. These blanket curfews or more moderate (but nonetheless effective) restrictions often force airlines making long-haul flights to plan their time-tables with meticulous attention to such details.

Many passengers who wonder why their aircraft may depart from a particular airport at a curious hour in the middle of the day might be surprised to learn that it is because of the imposition of curfews at stopping places down the line. In some instances, airlines have been obliged to cut out traffic stops at some places because of curfews with which they cannot comply because of other operational reasons. All this is being done by airport authorities in the interests of the environmental lobbies, and of the communities those airports serve.

While these major campaigns are under way in many parts of the world, to keep new airport devolopments under control and to site thom as far away from built-up areas as possible, the other great environmental campaign — technical noise reduction—continues just as strongly.

Research

There is little doubt that this aspect of the environmentalists' efforts has already succeeded in great measure. It is estimated that, over the past 25 years, close to $1bn has been spent by the world's major aero-engine manufacturers directly on research and development into noise reduction. Boeing of the U.S., the world's biggest jet airliner builder, alone has spent close to $200m since 1958 in this area.

One immediately apparent result is that today's jet airliners are quieter than those of the 1950s and 1960s, and that the new-generation jets now coming into service for the mid-1980s onwards—such as European Airbus A-310s and Boeing 757s and 767s in the short-to-medium range categories, are quieter still.

The accompanying chart prepared by Boeing, shows how the aircraft noise at the 100 EPNdB contour—that is, the effective "noise footprint" created around an airport on take-off and landing, as measured in "Effective Perceived Noise Decibels" the basic international unit of noise measurement—has been reduced over the past 30 years.

Further reductions are being reseorched, and it is probably possible to squeeze a few further small cuts in noise without denigration of performance from the current generations of engiaes. It is a fact, however, that the pace at which such noise reduction can be achieved witb existing engines is now slowing, and manufacturers are tending to turn to entirely new engines, rather than derivatives, to achieve the two growing requirements of improved fuel consumption and less noise.

It can reasonably be expected, therefore, that the new jet engines now under development, such as tbe Rolls-Royce/Pratt and Whitney "2500" ongine, and the Franco-U.S. (Snecma-General Electric) CFM-56 Dash 4, both of which will power the new 150-seat short-to-medium range jet airlines, will be even quieter.

At the same time, Rolls-Royce, General Electric and Pratt & Whitney are all preparing new engines in the bigger thrust classes — the Dash 600 version of the Rolls-Royco RB-211-524, the Ceneral Electric CF6-80C and the Pratt & Whitney PW-4000 — which will make the bigger Boeing 747 and McDonnell Douglas DC-10s and their derivatives quieter aircraft also.

Already, a major change in the world's front-line aircraft fleet is occurring, as the airlines move to re-equip to meet new, more stringent noise regulations whicb governments throughout the world will be implementing in the mid-1980s to meet in turn recommendations for quieter flying mads by the International Civil Aviation Organisation, the aviation technical agency of the United Nations.

These moves by the airlines are also being influenced by the need to re-equip with more efficient aircraft, as a result of past step rises in fuel costs which have rendered many older types of aircraft uneconomic to fly. To some extent, also the re-equipment tide has been held back by the airlines' own financial problems, stemming from the low traffic which in turn has been caused by the worldwide business recession.

But all the signs are now that this situation is changing. While it may still be some timo before many airlines are in a fit state financially fully to re-equip their fleets (it may take some time for any world business recovery to percolato through the world air transport industry), many of them aro being obliged to consider such fleet replacements now, to comply with the new noise rules.

These rules are contained in what is called Annex 16 of the ICAO convention—a long, technical documont drawn up after many international meetings of civil aviation bodies.

Annex 16 was first adopted in 1971 by the ICAO, and has since been frequently updated, as research into aircraft noise has produced better means of controlling that nusiance, and more and more countries have come to appreciate the need for such controls.

Complex

Broadly, Annex 16 (together with the U.S.' own corresponding Federal Aviation Regulations, Part 36) sets out by means of complex formulae precise noise levels for take-off, approach and sideline noise for jet airliners of all sizes and configurations (twin, three, and four-engined) which should not be exceeded by the operating airlines.

The ICAO itself cannot make those formulae mandatory, but many of its individual member-states (of which there are more than 140) have adopted them, and are progressively implementing them legally through the 1980s, so as to ensure quieter airports. Parts of the new rules bava already become legal in the U.S., UK and on the Continent, and will be progressively extended in those countries and elsewhere.

In the U.S., the new rules, effectively reducing tha permitted noise limits at take-off and landing and covering also "lateral" or "sideline" noise, become effective by January 1 1985. This is a continuation of what has been called a "phased compliance" programme, since some aircraft types have been obliged to conform by January 1, this year.

This has already generated new jet airliner orders by several major U.S. airlines, and there are signs that this trend is accelerating.

Outside the U.S., the dates are set a little later. In the UK, where "noise certification" for older types of jets has been in force for some time, all subsonic jet aircraft on the UK register must comply with those noise certification standards by January 1 1986. This has already obliged British Airways to take a major re-equipment decision, leasing 14 more Boeing 737 twin engined short-range jets the end of 1985.

In other EEC countries, compliance is necessary by January 1 1987 (ie, by midnight on December 31 1986) for all subsonic aircraft of over 44,100 lbs gross weight on the registers of those countries. All foreign jet airliners flying into the EEC countries must also comply by January 1 1988. These directives by the EEC Council are binding on all EEC members, but it is significant that many other non-EEC European countries are also following suit.

Hush kits

It has been estimated that the introduction of these new noise rules is likely to generate several billion dollars' worth of new equipment purchases over the next two to three years. But at the same time, it may be possible for some operators to instal "hush kits" on their older aircraft as a temporary measure to bring their noise levels down.

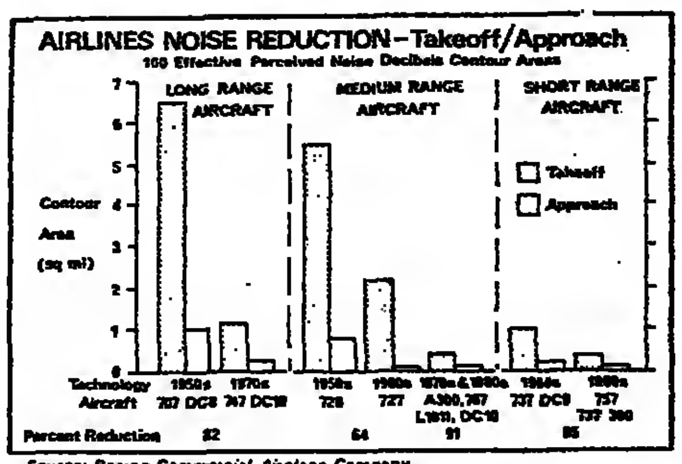
They may also be able to fit new engines into the existing older airframes. However, measures are only likely to be adopted where the remaining service lives of the aircraft justify the expenditure involved but they could make a substantial difference to noise levels.

The new Rolls-Royce Tay engine, for example, now under development for service in 1986, is being aimed at many existing One-Eleven twin-engined aircraft which still have many years of life, and for whom re-engining is a much cheaper, and fully adequate, solution to the noise problems generated by the older Spey engine, than consigning the aircraft to the scrap heap.

At the same time, the airframe designers have refined their own techniques, so that fuselage and wing shapes have been streamlined to reduce airflow noise (a separate problem from engine noise), with the overall result that the next generation of jets will be contributing in both ways, to noise reduction.

Michael Donne

A Jumbo takes off over rooftops at Heathrow. Efforts to reduce the nuisance near airports include restrictions on the scale of new developments



Source: Boeing Commercial Airplane Company

Aircraft noise has been considerably redoced over the past 30 years, as this chart of the aircraft noise "footprint" shows. The most dramatic improvement has come since the early 1970s with the introduction of new-technology engines in the wide-bodied jets

Period of growth on the way

CONTINUED ON PAGE 1

other islands—where new airports can be built only either by reclaiming land (as at Changi and with the original plan, now halted, for the Chep Lap Kok airport on Lantau Island in Hong Kong). Or by almost miraculous feats of civil engineering design and construction to fit the airport into difficult terrain, as on some islands such as Madeira, Teoerife, or Corfu.

By and large, however, it is now accepted by civil aviation planners that environmental considerations—mostly those of aircraft noise and pollution, but also those of substantial surface traffic growth generated by the existenee of an airport—must play a major role in determining not only where, but often also how, a new civil airport must be built.

With so many programmes in the offing, it is not surprising that the business of providing new airports has become intensely competitive, often involving several major groups of industrial companies bidding for every contract.

The high costs of such ventures also mean that there is often a considerable problem in raising the cash, especially in countries in the Third World where money is tight, and bas to be carefully allocated to a wide range of other priorities, such as agriculture, medicine, bousing and education. This means that in many instances, the civil engineering, consulting and industrial groups put together to bid for major airport contracts often include a number of financiag institutions.

Without this ability virtually to guarantee the casb, a consortium is almost eertain nowadays to lose any fiercely-contested airport development contract in the Third World, although it is perhaps less of a consideration in the more highly-industrialised countries, where government, airport, or local autborities have recourse to their own sources of finance.

Even with the ability to bring money along with civil engineering and other airport development expertise, bowever, the battles for new airport contracts are bitter, with groups from the UK, U.S., Western Europe and even as far afield as Japan often involved in the bidding.

Although in some cases the profits on the contracts are smaller than might be supposed, the deals do involve substantial workloads, often lasting for years and providing employment for a wide range of skills and several thousand personnel on any one programme.

In the UK, for example, the contraets for the new Terminal Four at Heathrow and Terminal Two at Gatwick were fiercely contested, since they represent two of the largest civil engineering ventures likely to be undertaken in this country this decade—apart from the forthcoming Terminal Five/Stansted development, not yet settled but nevertheless likely to involve a minimum of £200m initially.

The entire business of airport planning and construction is thus vast. An airport is not just a couple of miles of concrete and some buildings laid on an open space. It is a complex combination of many different facets of modern industrial life. Quite apart from the problems of initial site selection, followed by site clearance and preparation before the basic construction engineering begins, there are such matters as accompanying external roads, sewage removal, electricity and water supply programmes to be settled.

Once the airport or terminal is completed, it must be equipped with a vast range of equipment from baggage handling devices, illuminated signs and other lighting, public address systems and other aids through to fire equipment and other safety devices. The British Airports Authority in the UK alone has said that it expects to spend over £758m on its various airport programmes through the next five years. That figure alone is enough to indicate the scale of what lies ahead in airport construction worldwide.

Nato ministers reaffirm decision to deploy missiles

BY BRIDGET BLOOM IN OTTAWA

NATO Defence Ministers have reaffirmed the alliance's dacision to deploy new U.S. nuclear missiles in Europe from the end of this year but have appealed to the Soviet Union to remein at the negotiating table in the hope of achieving an ultimate agreement to reduce nuclear weapons in Europe.

The ministers, who have been attending a two-day meeting oear here of the nuclear planning group (NPG) expressed interest in the new proposals announced by Soviet President Yuri Andropov in an interview in Pravda earlier this week.

Their final communique declared that the proposals "as reported" were unacceptable to Nato since they cootinued to insist that the Soviet Union should have a mooopoly of medium-range missiles in Europe.

However, the Ministers invited the Soviet Union to expand the proposals and to table them at the Geneva talks.

On Wednesday, President Andropov repeated the Soviet Union was prepared to destroy SS20-misailea now deployed in Europe and added thet Moscow would freeze the numbers of misailes deployed in Asia, at their present totals.

He also said the Soviet Union would reduce its SS-20s in Europe to 140, apparently departing for the first time from Moscow's earlier insistence that it would deploy exactly the number of missiles as those in the British and French nuclear forces. That position has been a major obstacle to progress in the two-year-old Geneva talks.

Yet on Wednesday Mr Andropov said his new packege was conditiooal on the non-deployment of new U.S. missiles in Europe—a condition agalo rejected by Nato ministers yesterday.

At a press conference after yesterday's meetiog, Mr Casper Weinberger, the U.S. Defeoce Secretary, said the production and manufacture of the new missiles aod preparations for their deployment were on scbedule.

However, Dr Josepb Luns, the Nato secretary general, gave the first poblic confirmation that the actual deployment is likely to be staggered in the three countries scheduled to take the first missiles.

In West Germany, which is to take an initial hatch of nine Pershing 2 missiles, deployment will begin after November 2.

Dr Luns said Britain would take its first cruise missiles, believed to be a flight of 16 hy the end of the year. Missiles, will he stationed in Italy "shortly after that," he added.

Renter adds from Bonn: West Germany yesterday welcomed Soviet President Yuri Andropov's recent offer to cut Moscow's arsenal of Europe-based SS-20 nuclear missiles to 140 if Nato forgoes deployment of new U.S. rockets this winter.

Lebanese leaders set off for reconciliation talks

BY PATRICK COCKBURN IN BEIRUT

MUSLIM MILITIAMEN in south Beirut were nnder strict orders yesterday to avoid clashes with U.S. marines as most Lebanese political leaders set off for the national reconcliiation conference, due to start in Geneva on Monday.

Opposition leaders helieve that unless some form of more broadly-based government emerges, less identified with the Christian Maronite sect, the month-old ceasefire will crumhle.

Lehanon's President Amin Gemayel yesterday postponed a visit to Damascus minutes before he was due to leave for talks with President Hafez al-assad. Officers said he would pay the visit after the Geneva talks.

In the southern suburhs of Beirut, militiamen helonging to Amal, the political grouping of the Shia sect, were out in force yesterday.

Amal leaders in Beirut say that it should rapidly hecome clear In Geneva whether President Gemayel and the Christian leaders will make aufficient concessions for reconciliation to take place.

They aay that Mr Nabih Berri, the Amal leader, will present two main demands: unconditional withdrawal of Israel and then Syria, and social and political equality for the Shia sect.

These claims will be supported by the Syrian-hacked National Salvation Front which includes Mr Walid Jumblatt, the Druze leader.

The prohlem for Presideot Reagan is that any new Lehanese administration likely to include the opposition would move quickly to ensure that the May agreement hetween Israel and Lebanon remains a dead letter.

This agreement was only reached after lengthy mediation by Mr George Shultz, U.S. Secretary of State, though it has never been ratified hy the Lebanese Government.

Diplomats in Beirut believe that the U.S. has few real options in Lehanon other than to press President Gemayel to form an administration which includes opposition leaders and is more sympathetic to Syria. If no agreement is reached, then the marines are bound to suffer further casualties.

U.S. leading economic index jumps 0.9%

BY STEWART FLEMING IN WASHINGTON

THE index of leading economic indicators jumped 0.9 per cent in September, the strongest gain in four months, the U.S. Commerce Department reported yesterday, confirming recent indications the economy is recovering strongly.

The index, which was unveiled under conditions of tight security following recent embarrassing leaks of Commerce Department economic data, was boosted by strong increases in five of the 10 underlying statistical series, in particular data recording net new business formation, the average work week, which has been lengthening and orders for factory equipment.

The department also revised upwards the August index to show a rise of 0.3 per cent instead of the 0.1 oer cent decline reported earlier.

The index, which is thought to provide a rough guide to the likely development of the economy but has been criticised by some economists for sending out misleading signals, has now improved for 13 consecutive months.

Although recent fears about the underlying strength of the U.S. economy have been allayed following the release of the most up-to-date economic data, including the figure for the third quarter gross national product which showed a seasonally adjusted 7.9 per cent annual rate of increase, a concern has been expressed about longer term prospects if Congress does not act to curb the Federal budget deficit.

The chances of major initiatives receded yesterday when the White House announced that President Reagan opposed a plan announced on Thursday by Senator Robert Dole. The plan aimed to cut $120bn from the deficit over the next three years.

"We find the Dole plan unacceptable," Mr Larry Speakes, the White House spokesman, said yesterday. He ssid the proposal contained too few spending cuts and a host of new and different kinds of taxes.

Japan's PM 'advises' Tanaka to quit politics

By Charles Smith, Far East Editor, in Tokyo

JAPAN'S ruling Liberal Democratic Party yesterday moved on to the offensive in its efforts to resolve the crisis sparked by the vardict of guilty on former Prime Minister Tanaka in the Lockheed hrihery case.

The party took steps to start railroading through the Diet tax and other legislation which has been hanging fire hecause of the Opposition's refusal to attend Diet sessions. At the same time, Mr Yasuhiro Nakasone, the Prime Minister, held e highly puhlicised meeting with Mr Tanaka in which he apparently advised him to withdraw from politics, at least nntil the next general election.

Statement

After the meeting, which was held at one of Tokyo's leading hotels, Mr Nakasone said he had "offered all possible advice to Mr Tanaka as a friend." He refused to say what the advice was, claiming that this was a personal matter between him and the former prime minister.

Mr Tanaka issued a statement immediately after the meeting reiterating bis intention not to give up his seat in the Diet. The statement, put out by Mr Tanaka's secretary, said that the former prime minister still felt that he had a duty to "live up to the expectations of the people."

The Tanaka-Nakasone meeting was described this evening as a "trick" by the Secretary General of the Komelto Party, one of the five opposition groups which has been boycotting Diet sessions because of the LDP's refusal to allow a Bill demanding Tanaka's resignation to be dehated on the floor of the House.

Unimpressed

Leaders of the non-main stream factions within the LDP itself are also apparently unimpressed by Mr Nakasone's gesture of offering "friendly advice" to Mr Tanaka. But there seems to be no group within the party which is at present ready to launch a rebellion against the Prime Minister's leadership.

Yesterday's developments represent the first moves made by Mr Nakasone in the Lockheed affair since immediately after the verdict on Octnher 12, when the Prime Minister hriefly indicated that he did not think that Mr Tanaka should he forced to resign from the Diet.

Mr Nakasone is renowoed for his tactical skill, but this is clearly being taxed to the full in the present crisis.

Tokyo doubles current account surplus

By Charles Smith

JAPAN MORE than dnubled its overseas current account surplus during the first six mnnths of its current fiscal year, compared with the same period nf 1982, the Finance Ministry announced yesterday.

The surplus for the six months April - September amounted to $13.18bn (£8.8bn), up from the previous year's $5.5bn.

Japan's visible trade surplus also grew aharply, from $11bn to $17.9bn—the result of a 4.5 per cent rise in exports combined with a 6.5 per cent decline in the value of imports.

Imports have fallen in four out of six months since April, largely because of declining raw materials consumption by Japanese industry.

In September, Japan registered a $2.68bn current account surplus, up from the previous month's $1.37bn and a trade surplus of $3.36bn. Exports were up 8.3 per cent from year-ago levels to $12.6bn while imports rose 0.4 per cent to $9.62bn.

GRENADA ● Moscow protests ● U.S. faces censure ● More peace force troops

Cubans captured during the Grenadian invasion wait to learn their fate.

U.S. likely to face UN censure despite veto

UNITED NATIONS—The U.S. is likely to be publicly censured in the United Nations General Assembly over its role in the invasion of Grenada, diplomatic sources said yesterday.

Washington was forced to veto a Security Council resolution yesterday deeply deploring "armed intervention" in Grenada and calling for the withdrawal of foreign troops. But it has no such power in the General Assembly.

The veto is likely to throw the issue into the arena of the general assembly where, if Grenada is on the agenda, such a resolution would undoubtedly ba adopted hy a large msjority, the diplomats added. The 158-nation assembly is already in session.

The Security Council draft said the action in Grenada was a flagrant violation of international law and set a 48-hour deadline for the invading force to get out.

Eleven of the 15 council members, including France and the Netherlands, voted for it. Britain, Togo and Zaire abstained, leaving the U.S. to cast the sole negative vote.

Before the vote, Mrs Jeane Kirkpatrick, for the U.S., rejected charges that the intervention in Grenada violated the UN charter. This, she said, justified the use of force to defend freedom, democracy and peace.

"The events in the Caribbean do not comprise a classical example of a large power invading a small, helpless nation," she said, adding that it was a delusion to conclude there was a violation that should be condemned by outraged opinion.

For Britain, Mr John Thomson said the governments that took action in Grenada—seven small Caribbean states, as well as the U.S.—were of the highest reputation.

Mr Thomson said he resented the "ridiculous" suggestion that the U.S. was a foe to liberty and democracy.

He said the British Government did not support the operations in Grenada and wished that a different course were followed. But it could understand the concerns of those who took action and regretted that his understanding was not reflected in the council resolution, he said.

● A copy of a letter signed by Grenada Governor-General Sir Paul Scoon inviting the U.S. and friendly eastern Caribbean nations to intervene in his country has been published by the office of Barbados Prime Minister Tom Adams.

The letter, delivered by Brigadier Rudyard Lewis, e Barbadan commander of the Caribbean security force accompanying U.S. troops in Grenada, says:

Dear Prime Minister,

You are awere that there is a vacuum of authority in Grenada following the killing of the Prime Minister and the subsequent serious violation of human rights and bloodshed.

I am therefore seriously concerned at the lack of internal security in Grenada. Consequently I am requesting your help to assist me in stabilising this grave and dangerous situation. It is my desire that a peace-keeping force should be established in Grenada to facilitate the return to peace and tranquillity and also a return to democratic rule.

In this connection I am also seeking assistance from the U.S., from Jamaica, and from the Organisation of Eastern Caribbean States through its current chairman the Hon. Eugenia Charles in the spirit of the treaty establishing that organisation to which my country is a signatory.

Yours faithfully, Paul Scoon, Governor-General.

Reuter

The Soviet Union yesterday accused the U.S. of firing on its embassy in Greoada and said an embassy staff member was wounded, AP reports from Moscow.

It said the Soviet embassy was fired on by U.S. air force planes on Wednesday, the day after the U.S. launched an invasion of the island, and that a protest was delivered to the U.S. embassy in Moscow.

Canada may join peace force

By Canute James in Kingston

SOLDIERS and policemen from several Commonwealth Caribbean countries are likely to be joined by others from Canada to form the nucleus of a peace-keeping force on Grenada after U.S. troops leave the island.

The Commonwealth force will stay until a general election is held in about six months, but a smaller group will remain to train Grenadian policemen and to rebuild the island's Army, which will be disbanded and disarmed in the wake of this week's invasion.

Caribbean officials say the Commonwealth peace-keeping force, and an early withdrawal of U.S. troops, will mollify much of the criticism from within the region of the United States-led invasion.

Although objecting to the invasion, both Canada and Trinidad and Tobago are reportedly willing to contribute to the peace-keping force. According to diplomats, the position of Britain on its participation is not known, but a token presence from Commonwealth African countries, Australia and New Zealand is possible.

There is growing confusion within the region as to who exactly asked for the help, precipitating the invasion. Miss Eugenia Charles, the Prime Minister of Dominica, said the request came from Sir Paul Scoon, the Governor General of Grenada, but that his involvement could not be made public until he was known to be safe.

President Reagan has twice said that the request for assistance came from the Organisation of Eastern Caribbean States, and Jamaica and Barbados. Mr Hugh Shearer, Jamaica's Deputy Prime Minister and Foreign Minister, said in a parliamentary debate here that the request to Washington was made by the Eastern Caribbean States, and not Jamaica.

There is also a question mark hanging over the composition of a future government of Grenada. Three former cabinet ministers are still thought to be alive after they were detained by the army, but diplomats in the region say the U.S. might be concerned about leadership of or participation in a future Grenadian government of the socialist ministers of Mr Maurice Bishop's New Jewel Movement.

Trudeau to campaign for superpower dialogue

BY OUR FOREIGN STAFF

MR PIERRE TRUDEAU, Canada's Prime Minister, will make a whirlwind tour of five European Nato capitals next month to campaign for a "strategy of political confidence-building" between East and West, as the date for deployment in Europe of cruise and Pershing-II missiles approaches.

He will start in Paris on November 8, going on to Bonn, Rome, Brussels and Amsterdam. Mr Trudeau said in a speech this week that he was also "taking up contact" with President Reagan of the U.S. He saw Mrs Margaret Thatcher, Britain's Prime Minister, in September.

The Canadian Prime Minister said he wanted to explore ways of devising a consistent structure of political and economic confidence to stabilise East-West relations and drawing the superpowers away from their concentration on military strength towards productive dialogue. He also wanted to explore ways to persuade all five nuclear powers to negotiate global limits on their strategic arsenals.

Mr Trudeau placed himself firmly behind the Nato twin-track decision to deploy the new weapons unless the Geneva talks with the Soviet Union come to an agreement preventing deployment.

The tenor of his speech was that political considerations were in danger of being swamped by military ones.

"I am deeply troubled," he said, "by the climate of acrimony and uncertainty and by the parlous state of East-West relations, by a superpower relationship which is dangerously confrontational, and by a widening gap between military strategy and political purpose."

Poland set for 2.4% growth

BY CHRISTOPHER BOBINSKI IN GDANSK

POLAND is heading for a 2.4 per ceot growth in national income this year, the first time for four years, according to Government figures setting out next year's plan.

The Government's Planning Commission estimates that next year the economy should grow by another 3.5 per cent. By the year's end, the national income will still be 11.8 per cent lower than it was in 1980, the year the country's economic and political crisis broke into the open.

This year's growth is taking place against a background of disappointing results in savings of scarce resources, with electricity consumption actually up per unit of national income on the previous year and consumption of imported raw materials remaining at the 1982 level.

Hard currency exports will have to grow by nearly 17 per cent if essential imports of grain are to be made, deliveries of crude oil increased and the planned 5.5 per cent growth in industrial output achieved. This year hard currency exports are running to plan at a rate of 12 per cent but imports have fallen behind as a result of a shortfall in raising new loans.

Lijar calls off its 100-year war with the French

David White, in Madrid, tells how one little town laid down its arms

THE 100 years' war will not take place. A century after unilaterally declaring hostilities against the French Republic, the little town of Lijar in the Arid highlands of south-east Spain is putting down its unused arms this weekend and celebrating the declaration of peace.

The French Embassy in Madrid has despatched its Consul-General from Malaga along the winding, bumpy road into the heart of the Sierra de los Filabres.

Lijar, in the Province of Almeria, decided to fight France in a unanimous council vote on October 14, 1883. This kind of thing has happened at fairly regular intervals in Franco-Spanish relations. A century earlier, Brother Diego Jose, a Capuchin friar from Cadiz, launched a virtual holy war against the French Revolution.

What provoked Lijar's wrath was the treatment meted out in Paris to Spain's King Alfonso XII. The Sandhurst-trained monarch was, according to the minutes of that historic if little-recorded council meeting, "insulted, stoned and cowardly offended by the miserable hordes of the French nation."

Inspired by its mayor, Don Miguel Garcia Saenz, the "Terror of the Mountains," Lijar vowed to see the cowardly French nation wiped from the map.

The council, which could call on no more than 600 able-bodied men but which was convinced that "One inhabitant of this our village is as good as 10,000 Frenchmen," informed the Spanish Government and the French President that war was on.

"With no other pending maters," the minutes conclude, "the session was adjourned." The resolution was "stamped and signed by those gentlemen who know how to write."

Don Miguel's present-day successor, Sr Diego Sanchez, admits that "nothing much haa happened here aince war was declared against France." Locals only recall ever aetting their hands on one Frenchman, a Paris journalist who ventured into these parts a couple of years ago and who escaped unscathed.

Lijar, not to be confused with Nijar or Laujar in the same region, is not in the Michelin Guide and has no registered accommodation, but some of the villagers hope that now the war is over, they may get a French tourist or two.

Others, however, are said to harbour misgivings about having peace with a country where lorry-loads of Spanish fruit and vegetables are regularly being overturned as they cross the border.

What with the "tomato war" and the abuse hurled at France for not co-operating over terrorism and for obstructing Spanish membership of the EEC, the traditional resentment of Spaniards towards their northern neighbours seems to get sourer by the minute.

Sr Fernando Moran, Spain's Foreign Minister, told Parliament earlier this week that Spanish-French relations were "going through one of their lowest moments in history."

Now that it has called off its forgotten one-village war, Lijar runs the risk of being the only place in Spain to be at peace with the French.

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